



OHIO AUDITOR OF STATE  
**KEITH FABER**





**OUTDOOR RECREATION COUNCIL OF APPALACHIA  
ATHENS COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Outdoor Recreation Council of Appalachia  
Athens County  
PO Box 61  
Athens, Ohio 45701

To the Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Outdoor Recreation Council of Appalachia, Athens County, Ohio (ORCA), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of ORCA, as of December 31, 2022 and 2021, or the changes in financial position thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of ORCA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by ORCA on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ORCA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we;

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ORCA's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ORCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of ORCA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ORCA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ORCA's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 29, 2024

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**OUTDOOR RECREATION COUNCIL OF APPALACHIA**  
*Athens County*  
*Statement of Cash Receipts, Cash Disbursements*  
*And Changes in Fund Balance (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2022*

	General
<b>Cash Receipts</b>	
Intergovernmental	\$291,704
Other Grants and Contributions	100,000
Donations	345
Miscellaneous	25,875
	417,924
<i>Total Cash Receipts</i>	<i>417,924</i>
<b>Cash Disbursements</b>	
Wages and Benefits	124,102
Payroll Services	1,345
Legal Services	3,200
Contract Services	30,634
Facilities and Maintenance	7,364
Promotions	3,886
Rural Action AmeriCorps	10,685
Trails Construction and Maintenance	644,660
Equipment	5,947
Training	7,954
Insurance	3,056
Grant Pass-Through	58,648
Other	10,498
Debt Service:	
Interest and Fiscal Charges	2,805
	914,784
<i>Total Cash Disbursements</i>	<i>914,784</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(496,860)</i>
<b>Other Financing Receipts (Disbursements)</b>	
Proceeds from Line of Credit	499,521
	499,521
<i>Total Other Financing Receipts (Disbursements)</i>	<i>499,521</i>
<i>Net Change in Fund Cash Balances</i>	<i>2,661</i>
<i>Fund Cash Balances, January 1</i>	<i>32,310</i>
<i>Fund Cash Balances, December 31</i>	<i>\$34,971</i>

*The notes to the financial statements are an integral part of this statement.*

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**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Outdoor Recreation Council of Appalachia (ORCA), Athens County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The ORCA Board is composed of elected officials representing each of the six governmental jurisdictions as follows: ORCA Board Chair City of Athens Mayor, Vice Chair Village of Chauncey Mayor, Member Athens County Commissioner, Member City of Athens, City Manager, Member York Township Trustee President, Member Village of Buchtel Councilman. ORCA's purpose of integrating conservation, outdoor recreation, and economic development in a way that strengthens and inspires communities in Southeast Ohio. This purpose specifically refers to the development and management of the Baileys Trail System, a planned 88-mile mountain bike optimized trail system with 26 miles open and 5 underway, on the Wayne National Forest in Athens County Ohio.

***Public Entity Risk Pool***

ORCA participates in a public entity risk pool. Note 4 to the financial statements provides additional information for these entities. ORCA's management believes these financial statements present all activities for which ORCA is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

ORCA's financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

***Fund Accounting***

ORCA uses fund accounting to segregate cash amounts that are restricted as to use. ORCA classifies its funds into the following types:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. ORCA recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C) permit.

**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

*(Continued)*

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***Budgetary Process***

The Ohio Revised Code does not require ORCA to budget annually. However, management prepares a budget for internal monitoring.

***Deposits and Investments***

ORCA's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. ORCA's cash and cash equivalents consist of noninterest-bearing checking account.

***Capital Assets***

ORCA records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which ORCA must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** ORCA classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by ORCA and the nonspendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** ORCA can *commit* amounts via formal action (resolution). ORCA must adhere to these commitments unless ORCA amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or an ORCA official delegated that authority by resolution, or by State Statute. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

*(Continued)*

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**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

ORCA applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**Note 3 – Deposits and Investments**

To improve cash management, cash received by ORCA is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. All monies received by ORCA are deposited in a demand deposit account. ORCA had no investments during the year or at the end of the year. A summary of ORCA’s accounts are as follows:

<b>Cash Management Pool:</b>	<u>2022</u>
Demand Deposits	<u><u>\$34,971</u></u>

ORCA does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, ORCA is holding no unremitted employee payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Risk Management**

ORCA belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

*(Continued)*

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The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. ORCA pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 5 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System*** ORCA employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and ORCA contributed an amount equaling 14 percent of participants' gross salaries. ORCA has paid all contributions required through December 31, 2022.

**Note 6 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

**Note 7 – Line of Credit**

During 2022, ORCA opened a line of credit with Hocking Valley Bank. The total line of credit was for \$500,000. ORCA borrowed \$114,197 in August 2022, \$267,324 in October 2022, and \$118,000 in November 2022 against the line of credit. ORCA borrowed \$499,521 in 2022.

**Note 8 – Contingent Liabilities**

Amounts grantor agencies pay to ORCA are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2022*

*(Continued)*

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**Note 9 – Fund Balances**

Included in fund balance are amounts ORCA cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were \$0. In the general fund, outstanding encumbrances are considered assigned.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023.

**Note 11 – Subsequent Events**

On August 15, 2023, ORCA received \$234,240 of American Rescue Plan Act investment from Athens County for ORCA staff. Further, on January 9, 2024, the Athens County Commissioners declined to renew their \$90,000 annual membership fee in ORCA. This may also affect membership fees received from the City of Athens.

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**OUTDOOR RECREATION COUNCIL OF APPALACHIA**  
*Athens County*  
*Statement of Cash Receipts, Cash Disbursements*  
*And Changes in Fund Balance (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2021*

	General
<b>Cash Receipts</b>	
Intergovernmental	\$363,680
Other Grants and Contributions	43,900
Miscellaneous	2,318
	409,898
 <b>Cash Disbursements</b>	
Wages and Benefits	91,338
Payroll Services	958
Legal Services	2,530
Contract Services	76,000
Facilities and Maintenance	14,877
Promotions	4,137
Trails Construction and Maintenance	161,995
Merchandise	14,987
Equipment	10,870
Insurance	2,911
Other	5,198
Debt Service:	
Principal Retirement	63,200
Interest and Fiscal Charges	514
	449,515
<i>Total Cash Disbursements</i>	<i>449,515</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(39,617)</i>
 <b>Other Financing Receipts (Disbursements)</b>	
Proceeds from Line of Credit	63,200
	63,200
<i>Total Other Financing Receipts (Disbursements)</i>	<i>63,200</i>
<i>Net Change in Fund Cash Balances</i>	<i>23,583</i>
<i>Fund Cash Balances, January 1</i>	<i>8,727</i>
<i>Fund Cash Balances, December 31</i>	<i>\$32,310</i>

*The notes to the financial statements are an integral part of this statement.*

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**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Outdoor Recreation Council of Appalachia (ORCA), Athens County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The ORCA Board is composed of elected officials representing each of the six governmental jurisdictions as follows: ORCA Board Chair City of Athens Mayor, Vice Chair Village of Chauncey Mayor, Member Athens County Commissioner, Member City of Athens, City Manager, Member York Township Trustee President, Member Village of Buchtel Councilman. ORCA's purpose of integrating conservation, outdoor recreation, and economic development in a way that strengthens and inspires communities in Southeast Ohio. This purpose specifically refers to the development and management of the Baileys Trail System, a planned 88-mile mountain bike optimized trail system with 26 miles open and 5 underway, on the Wayne National Forest in Athens County Ohio.

***Public Entity Risk Pool***

ORCA participates in a public entity risk pool. Note 4 to the financial statements provides additional information for these entities. ORCA's management believes these financial statements present all activities for which ORCA is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

ORCA's financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types which are all organized on a fund type basis.

***Fund Accounting***

ORCA uses fund accounting to segregate cash amounts that are restricted as to use. ORCA classifies its funds into the following types:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. ORCA recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C) permit.

**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2021*

*(Continued)*

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***Budgetary Process***

The Ohio Revised Code does not require ORCA to budget annually. However, management prepares a budget for internal monitoring.

***Deposits and Investments***

ORCA's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. ORCA's cash and cash equivalents consist of noninterest-bearing checking account.

***Capital Assets***

ORCA records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which ORCA must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** ORCA classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by ORCA and the nonspendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** ORCA can *commit* amounts via formal action (resolution). ORCA must adhere to these commitments unless ORCA amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or an ORCA official delegated that authority by resolution, or by State Statute. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2021*

*(Continued)*

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**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

ORCA applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**Note 3 – Deposits and Investments**

To improve cash management, cash received by ORCA is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. All monies received by ORCA are deposited in a demand deposit account. ORCA had no investments during the year or at the end of the year. A summary of ORCA’s accounts are as follows:

<b><i>Cash Management Pool:</i></b>	<u>2021</u>
Demand Deposits	<u>\$32,310</u>

ORCA does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, ORCA is holding no unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Risk Management**

ORCA belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated, and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020.

**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2021*

*(Continued)*

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OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>( 15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. ORCA pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 5 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System*** ORCA employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and ORCA contributed an amount equaling 14 percent of participants' gross salaries. ORCA has paid all contributions required through December 31, 2021.

**Note 6 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 7 – Line of Credit**

During 2021, ORCA opened a line of credit with Hocking Valley Bank. The total line of credit is for \$50,000. In September 2021, ORCA borrowed \$25,000 against the line of credit. This amount was paid back in November 2021. ORCA borrowed \$38,000 at the beginning of November 2021 and paid this along with the interest by the end of November 2021.

**Outdoor Recreation Council of Appalachia**

*Athens County*

*Notes to the Financial Statement*

*For the Year Ended December 31, 2021*

*(Continued)*

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**Note 8 – Contingent Liabilities**

Amounts grantor agencies pay to ORCA are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 9 – Fund Balances**

Included in fund balance are amounts ORCA cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were \$0. In the general fund, outstanding encumbrances are considered assigned.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023.

**Note 11 – Subsequent Events**

On August 15, 2023, ORCA received \$234,240 of American Rescue Plan Act investment from Athens County for ORCA staff. Further, on January 9, 2024, the Athens County Commissioners declined to renew their \$90,000 annual membership fee in ORCA. This may also affect membership fees received from the City of Athens.

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Outdoor Recreation Council of Appalachia  
Athens County  
PO Box 61  
Athens, Ohio 45701

To the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Outdoor Recreation Council of Appalachia, Athens County, Ohio (ORCA), and have issued our report thereon dated January 29, 2024, wherein we noted ORCA followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered ORCA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ORCA's internal control. Accordingly, we do not express an opinion on the effectiveness of ORCA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of ORCA's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 through 2022-004 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether ORCA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***ORCA's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on ORCA's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. ORCA's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ORCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ORCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 29, 2024

**OUTDOOR RECREATION COUNCIL OF APPALACHIA  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**Material Weakness- Accounting System Records**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements, and prepare financial statements required by rule 117-2-03 of the Administrative Code.

In 2021 and 2022, ORCA's receipt and expenditure ledgers for recording transactions consisted only of downloaded activity from the online bank account. ORCA maintained no ledgers pertaining to its second bank account which had very little activity. Thus, the date on the expenditure ledger was the date the transaction cleared the bank instead of when ORCA issued the disbursement. Further, in 2021, the expenditure ledger did not list the vendors. Also, throughout 2021 and 2022, checks were often not sequentially listed. The failure to record all pertinent information in a general ledger and receipt and expenditure ledger could result in audit adjustments. Further, this failure reduces transparency of the transactions and results in a reduced ability for management to review. Failure to ensure there are no gaps in check sequence complicates the ability for ORCA's management to identify lost or stolen checks.

ORCA should record all transactions in a general ledger and receipt and expenditure ledger to identify all revenue and expenditure transactions when the activity occurs. This should then be reconciled to the bank balances and activity matched from the ledger to the bank statement. Further, ORCA should ensure checks are issued in sequential order.

**Officials' Response:** In late-August 2023 a Finance Director began employment at ORCA, the first formal Accounting position at the entity. In late-September 2023 he was given access to bank accounts & daily cash activity, and during October 2023 implemented QuickBooks Online to serve as the accounting system for ORCA. QBO will be used from that time forward for General Ledger, Accounts Payable, Billing & Accounts Receivable, Daily Cash reconciliation, and any other accounting operation needed.

During the month of October, the Finance Director worked to import and update all financial transactions from 2023 into QBO. He began cutting more formal, sequential checks from QBO on October 10th and from mid-October 2023 forward was updating financial activity on a daily basis. Bank statements were reconciled for each month of 2023 (although the January – September reconciliations were all completed at the same time, in early-October).

As of the writing of this document, financial statements (Balance Sheet & Income Statement) can be run and exported from QBO for any month-end in 2023 with what is believed to be material accuracy, especially for the time periods October, November & December. Bank reconciliations for either the Cash account or Line of Credit can also be exported from QBO for any month of the year.

**FINDING NUMBER 2022-002**

**Material Weakness- Bank Reconciliations**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

**OUTDOOR RECREATION COUNCIL OF APPALACHIA  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2022-002 (Continued)**

**Material Weakness- Bank Reconciliations(Continued)**

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Executive Director is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council is responsible for reviewing the reconciliations and related support.

Formal monthly bank to book reconciliations were not prepared or reviewed each month of 2021 and 2022. The Executive Director did track expenditures in an excel spreadsheet directly from the main bank account. A second bank account with very little activity had no related accounting ledger or reconciliations prepared or reviewed. Failure to formally reconcile monthly increases the possibility that ORCA will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of formal accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Executive Director should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:** The ORCA Board Chair Steve Patterson has access to monthly bank statements and the ORCA Bank Account. It seems the ORCA Board was unaware of the cash reconciliation review requirement. Moving forward ORCA will comply with the reconciliation review requirement. In late-August 2023 a Finance Director began employment at ORCA, the first formal accounting position at the entity. In late-September 2023 he was given access to bank accounts & daily cash activity, and during October 2023 implemented QuickBooks Online to serve as the accounting system for ORCA. QBO will be used from that time forward for General Ledger, Accounts Payable, Billing & Accounts Receivable, Daily Cash reconciliation, and any other accounting operation needed.

During the month of October, the Finance Director worked to import and update all financial transactions from 2023 into QBO. He began cutting more formal, sequential checks from QBO on October 10th and from mid-October 2023 forward was updating financial activity on a daily basis. Bank statements were reconciled for each month of 2023 (although the January – September reconciliations were all completed at the same time, in early-October).

As of the writing of this document, financial statements (Balance Sheet & Income Statement) can be run and exported from QBO for any month-end in 2023 with what is believed to be material accuracy, especially for the time periods October, November & December. Bank reconciliations for either the Cash account or Line of Credit can also be exported from QBO for any month of the year.

At the next available occasion, either the next monthly ORCA Board meeting or the Exit Conference related to this audit, the Executive Director & Finance Director will discuss the added responsibility of reviewing monthly bank account reconciliations and ensure that Board members are willing and able to do so.

**OUTDOOR RECREATION COUNCIL OF APPALACHIA  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2022-003**

**Material Weakness- Financial Monitoring**

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls. The size of ORCA's staff did not allow for an adequate segregation of duties; the Executive Director performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is, therefore, important that the Council monitor financial activity closely.

The Council did not review detailed expense reports with a listing of individual transactions; they only approved the total amount of expenditures monthly. Further, the Council did not review payroll reports, including leave usage or balances. Further, the Council did not review monthly bank reconciliations. Failure to review detailed financial reports and bank reconciliations could result in abuse or misuse of funds.

To ensure the Council has all pertinent data and information to properly monitor and manage ORCA, they should carefully review and accept Receipt and Expenditure reports including listings of individual transactions, payroll reports including leave, bank reconciliations and fund reports, and document the reports used for this review in detail in the minutes of the meetings of ORCA. Further, the Council should make appropriate inquiries to help determine the continued integrity of financial information.

**Officials' Response:** The ORCA Board Chair Steve Patterson has access to monthly bank statements and the ORCA Bank Account. It seems the ORCA Board was unaware of required review of receipt and expenditure report, payroll reports, fund reports. The Board did discuss and review general financial reports and detailed expenditures per grant or activity. Moving forward ORCA will comply with the financial monitoring requirement. In late-August 2023 a Finance Director began employment at ORCA, the first formal Accounting position at the entity. In late-September 2023 he was given access to bank accounts & daily cash activity, and during October 2023 implemented QuickBooks Online to serve as the accounting system for ORCA. QBO will be used from that time forward for General Ledger, Accounts Payable, Billing & Accounts Receivable, Daily Cash reconciliation, and any other accounting operation needed.

At the next available occasion, either the next monthly ORCA Board meeting or the Exit Conference related to this audit, the Executive Director & Finance Director will discuss the added responsibility of reviewing detailed employee expense reports, payroll leave reports, bank reconciliations & draft monthly & year-to-date P&L and Balance Sheet reports and ensure that Board members are willing and able to do so.

**FINDING NUMBER 2022-004**

**Material Weakness- Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

For the year ended December 31, 2022, ORCA posted \$100,000 as Intergovernmental receipts which should have been recorded as Other Grants and Contributions resulting in audit adjustment. For the year ended December 31, 2021, ORCA posted \$43,900 as Intergovernmental receipts which should have been recorded as Other Grants and Contributions resulting in audit adjustment.

**OUTDOOR RECREATION COUNCIL OF APPALACHIA  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2022-004 (Continued)**

**Material Weakness- Financial Reporting (Continued)**

In addition to the mispostings identified above, ORCA's Notes to the Basic Financial Statements also required adjustment. These misstatements were caused by confusion over classification. As a result, significant adjustments with which ORCA's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

To ensure ORCA's financial statements and notes to the financial statements are complete and accurate, The Council, or designated employee, should review revenues and expenditures periodically and at year end to ensure amounts have been properly recorded. In addition, the Council should review the basic financial statements prior to filing those statements in the Hinkle System.

**Officials' Response:** In late-August 2023 a Finance Director began employment at ORCA, the first formal Accounting position at the entity. In late-September 2023 he was given access to bank accounts & daily cash activity, and during October 2023 implemented QuickBooks Online to serve as the accounting system for ORCA. QBO will be used from that time forward for General Ledger, Accounts Payable, Billing & Accounts Receivable, Daily Cash reconciliation, and any other accounting operation needed.

From mid-October 2023 forward the Finance Director was updating financial activity on a daily basis, reducing the time to record items and thereby reducing the risk of misclassifying items.

# OHIO AUDITOR OF STATE KEITH FABER



**OUTDOOR RECREATION COUNCIL OF APPALACHIA COUNCIL OF GOVERNMENTS**

**ATHENS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 2/15/2024**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)