



Dave Yost • Auditor of State





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Upper Scioto Drainage and Conservancy District  
Hardin County  
1 Courthouse Square  
Suite 180  
Kenton, Ohio 43326

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Upper Scioto Drainage and Conservancy District, Hardin County, (the District) for the years ended December 31, 2016 and 2015.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2016 and 2015.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

## Current Year Observations

1. Although evidence was provided of being reconciled, the District did not prepare a formal bank to book reconciliation. The lack of a formal reconciliation that clearly shows the total bank balances, total book balances, and the reconciling items between the bank and book balances, increases the risk that errors and/or irregularities may occur and not be detected in a timely manner.

A formal bank to book reconciliation should be prepared each month and presented to the Board of Directors for review and approval. Unexplained reconciling items should be investigated and resolved in a timely manner.

2. The District's accounting system did not include estimated receipts. When estimated receipts are not integrated into the accounting system, the ability to monitor budget versus actual activity is inhibited which may increase the risk of deficit spending.

To help improve the Board of Directors ability to monitor budget versus actual activity, estimated receipts should be recorded in the accounting system. Our prior audit also reported this deficiency.

3. **Ohio Rev. Code § 117.38** requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. Furthermore **Audit of State Bulletin 2015-007** requires that Regulatory Cash Basis Entities file Notes to the Basic Financial Statements along with their annual financial statements.

The 2016 notes to the financial statements were not filed until April 18, 2017. The District should implement a control such as a reminder system to help assure that both the financial statements and the notes to the financial statements are filed timely.

**Current Status of Matters we Reported in our Prior Engagement**

1. In addition to the accounting system matter reported in item 2 above, our prior audit reported that the bank balance was greater than the book balance and that there was not a supporting reconciling item list. Testing did not identify this issue for 2016 and 2015.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

May 19, 2017



# Dave Yost • Auditor of State

UPPER SCIOTO DRAINAGE AND CONSERVANCY DISTRICT

HARDIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 1, 2017