



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Hocking Conservancy District
Athens County
560 W Union St
Athens, Ohio 45701-2331

We have performed the procedures enumerated below on the Hocking Conservancy District's, Athens County, Ohio (the District), receipts, disbursements and balances recorded in the cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances, included in the information provided to us by the management of the District. The District is responsible for receipts, disbursements, and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District.

The Board of Directors and the management of the District have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the District's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances for each fund recorded in the General Ledger Reports to the December 31, 2018 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances for each fund recorded in the General Ledger Reports to the December 31, 2019 balances in the General Ledger Reports. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the General Ledger Reports and the financial statements filed by the District in the Hinkle System. The amounts agreed.
4. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the General Ledger Reports. The amounts agreed.

Cash and Investments (Continued)

5. We confirmed the December 31, 2020 bank account balances with the District's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
6. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. There were no exceptions.
7. We traced interbank account transfers occurring in December of 2019 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2020 and December 31, 2019 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code §§ 135.13 or 135.14. We found no exceptions.

Special Assessments, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes* and the County Auditor's DTLs from 2020 and a total of five from 2019:
 - a. We compared the amount from the above named reports to the amount recorded in the General Ledger Reports. The amounts agreed.
 - b. We inspected the General Ledger Reports to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code §§ 6101.44, 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the General Ledger Reports to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We confirmed the total amount paid from the Athens County Auditor to the District during 2020 and 2019 with the County Auditor. We found no exceptions.
 - a. We inspected the General Ledger Reports to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We inspected the General Ledger Reports to determine whether the receipts were recorded in the proper year. We found no exceptions.

Other Receipts

We selected 10 other receipts from the year ended December 31, 2020 and 10 other receipts from the year ended 2019 and:

- a. Agreed the receipt amount recorded in the General Ledger Reports to supporting documentation. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the General Ledger Reports to determine the receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following manuscript debt was outstanding as of December 31, 2018. This amount agreed to the District's January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
Manuscript Debt	\$102,197

2. We inquired of management, and inspected the General Ledger Reports for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3

Ohio Revised Code § 135.14 limits investments to a five-year maximum maturity. We noted that the District issued manuscript debt wherein the General Fund loaned the Margaret Creek Subdivision fund, a special revenue fund, \$130,000 in 2011 at 2% annual interest and maturing in twenty years, which exceeds the maximum 5 year period allowed.

3. We obtained a summary of Manuscript debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the General Ledger Reports. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Employee Attendance Records and:
 - a. We compared the hours and pay rate, or salary recorded in the Salary/Wage Information Reports to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.
We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We inspected the fund and account code to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files. We found no exceptions.
 - d. We confirmed the payment was posted to the proper year. We found no exceptions
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 to confirm remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2020. We observed the following:

Payroll Cash Disbursements (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2021	December 29, 2020	\$4,579	\$4,579
State income taxes	January 15, 2021	December 29, 2020	\$1,198	\$1,198
OPERS retirement	January 30, 2021	December 30, 2020	\$4,918	\$4,918
City of Athens Income Tax	January 15, 2021	December 30, 2020	\$573	\$573
City of Nelsonville Income Tax	January 30, 2021	December 29, 2020	\$185	\$185

Non-Payroll Cash Disbursements

1. From the General Ledger Reports, we re-footed checks recorded as General Maintenance Fund disbursements for *operations*, and checks recorded as *building* in the Special Revenue Contingency Reserve Fund fund for 2020. We found no exceptions.
2. We selected 10 disbursements from the General Ledger Reports for the year ended December 31, 2020 and 10 from the year ended 2019 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the General Ledger Reports and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code §§ 5705.41(D) and 6101.44.

Compliance – Budgetary

1. Ohio Rev. Code § 6101.44 prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General, Special Revenue Margaret Creek General and Special Revenue Contingency Reserve fund. No funds had expenditures exceeding appropriations.
2. We inspected the 5 interfund transfers from 2020 and the 4 interfund transfers from 2019 General Ledger Reports for compliance with Ohio Rev. Code § 6101.44. We found no evidence of transfers this Section prohibits.
3. We inspected the General Ledger Reports and bank statements for the years ended December 31, 2020 and 2019 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

Sunshine Law Compliance

1. We obtained and inspected the District's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with District's management and determined that the District did not have any completed public records requests during the engagement period.
3. We inquired whether the District had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exception.
5. We inspected the District's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the District's poster describing their Public Records Policy was displayed conspicuously in all branches of the District as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with District management and determined that the District did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with District management and determined that the District did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
9. We inspected the public notices for the public meetings held during the engagement period and determined the District notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were.
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.

We found no exceptions.

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.

We found no exceptions.

Other Compliance

1. Ohio Rev. Code § 117.38 requires districts to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.

- a. We inspected the established policy(ies) obtained above and determined it is:
 - i. not in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.

We found that the established policy failed to include procedures for the acquisition, use, and management of a credit card account and presentation instruments related to the account including cards and checks; procedures for the submitting itemized receipts to the fiscal officer or the fiscal officer's designee; procedures for credit card issuance, credit card reissuance, credit card cancellation and the process for reporting lost or stolen credit cards; & the actions or omissions by an officer or employee that qualify as misuse of a credit card account.

- b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.

We found that the policy established a credit limit of \$10,000; however, the credit limit on the credit card was \$15,000.

- c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.

We found no exceptions.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

September 2, 2021

OHIO AUDITOR OF STATE KEITH FABER



HOCKING CONSERVANCY DISTRICT

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 9/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov