



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Leading Creek Conservancy District
Meigs County
34481 Corn Hollow Road
Rutland, Ohio 45775

We have performed the procedures enumerated below on the Leading Creek Conservancy District's, Meigs County, Ohio (the District) receipts, disbursements and balances recorded in the cash-basis accounting records for the years ended December 31, 2022 and 2021, 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 year ended December 31, 2022 and 2021 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, 2022 and 2021, 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, 2022 and December 31, 2021 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2021 beginning fund balances recorded in the GL Account Balance View Report to the December 31, 2020 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2022 beginning fund balances for each fund recorded in the GL Account Balance View Report to the December 31, 2021 balances in the GL Account Balance View Report. We found no exceptions.

Cash and Investments (Continued)

3. We agreed the 2022 and 2021 bank reconciliation adjusted bank balances as of December 31, 2022 and 2021 to the total fund cash balances reported in the GL Account Balance View Report and the financial statements filed by the District in the Hinkle System. We noted the Peoples Bank DDA account balance in the amount of \$24 at December 31, 2022 and the amount of \$24 at December 31, 2021 were not recorded in the GL Account Balance View Report or the reconciliation but were correctly recorded in the Hinkle Report.
4. We confirmed the December 31, 2022 bank account balance with the District's financial institutions and the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2022 bank reconciliation without exception.
5. We selected the four reconciling debits (such as outstanding checks) from the December 31, 2022 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. 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. We found no exceptions.
6. We inspected investments held at December 31, 2022 and December 31, 2021 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14, 135.144 or 135.145. 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.

Charges for Services

1. We selected 10 water collection cash receipts from the year ended December 31, 2022 and 10 water collection cash receipts from the year ended 2021 recorded in the Receipts Posting Journal and Payment Application Report and:
 - a. Agreed the receipt amount per the Receipts Posting Journal and Payment Application Report to the amount recorded to the customer's account in the Customer History Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer History Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the engagement period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper fund and was recorded in the year received. We found no exceptions.
2. We inspected the Aged Trial Balance Report.
 - a. This report listed \$198,873 and \$195,052 of accounts receivable as of December 31, 2022 and 2021, respectively.
 - b. Of the total receivables reported in procedure 2a, \$86,350 and \$80,698 were recorded as more than 90 days delinquent.
3. We inspected the Adjustment Report.
 - a. This report listed a total of (\$26,966) and (\$12,532) non-cash receipts adjustments for the years ended December 31, 2022 and 2021, respectively.

Charges for Services (Continued)

- b. We selected five non-cash adjustments from 2022 and five non-cash adjustments from 2021, and observed that the General Manager approved each adjustment.

Debt

- 1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2020.
 - a. These amounts agreed to the District's January 1, 2021 balances on the summary we used in procedure 3.
 - b. We inspected the debt's loan agreements for all outstanding debt, and we confirmed the District was in compliance with the debt covenants listed below.

Issue	Principal outstanding as of December 31, 2020:	Debt Covenant
OWDA Loan 3186	\$ 69,837	Timely Payments
OWDA Loan 3774	\$ 56,544	Timely Payments
OWDA Loan 8738	\$ 5,263,283	Timely Payments
VCNB Loan 6622	\$ 16,881	Timely Payments

- 2. We inquired of management and inspected the Receipt Books and Purchase Journal for evidence of debt issued during 2022 or 2021 or debt payment activity during 2022 or 2021. All debt agreed to the summary we used in procedure 3.
- 3. We obtained a summary of loans debt activity for 2022 and 2021 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Purchase Journal. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
- 4. We agreed the amount of debt proceeds received for 2022 and 2021 from the debt documents to amounts recorded in the General Fund per the Receipt Books. The amounts agreed.
- 5. For new debt issued during 2022 and 2021, we inspected the debt legislation, which stated the District must use the proceeds to purchase two trucks with dump beds, a skid steer, and excavator and for a water line replacement project. We inspected the Payment History Report and observed the District purchased two trucks with dump beds, a skid steer, and excavator. The first truck was purchased on August 9, 2022, the second truck was purchased on September 7, 2022, and the skid steer and excavator were purchased on December 27, 2022. The OWDA loan proceeds were disbursed directly by OWDA for the water line replacement project and recorded by the District as on-behalf activity. We found no exceptions.

Payroll Cash Disbursements

- 1. We selected one payroll check for five employees from 2022 and one payroll check for five employees from 2021 from the Payroll Check Register Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Check Register Detail Report to supporting documentation (timecard and statutorily-approved rate). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employee timesheet. We found no exceptions.
 - c. We confirmed the payment was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. We selected the new employee from 2021 and:
 - a. We inspected the employee withholding forms file for the Retirement system, Federal and State income tax withholding authorizations. We noted the W-4 Withholding Certificate for Federal income tax withholding authorization was on file. There was no Retirement system or State withholding authorization forms on file, although the employee did have retirement and state taxes withheld.
 - b. We agreed the items in a above to the Payroll Check Register Detail Report.
3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2022 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 2022. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2023	December 28, 2022	\$ 3,362	\$ 3,362
State income taxes	January 17, 2023	January 17, 2023	\$ 1,369	\$ 1,369
OPERS retirement	January 30, 2023	January 25, 2023	\$ 10,694	\$ 10,694

We found no exceptions.

Non-Payroll Cash Disbursements

- We selected 10 disbursements from the Payments History Report for the year ended December 31, 2022 and 10 from the year ended 2021 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 canceled check agreed to the check number, date, payee name and amount recorded in the Payments History Report 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 §§ 5705.28(B)(2) and 6101.44. We found ten instances where disbursements requiring certification were not certified in 2022 and ten instances in 2021 and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code §§ 5705.28(B)(2) and 6101.44 require certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

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, 2022 and 2021. Expenditures for 2021 exceeded total appropriations by \$407,992 contrary to Ohio Rev. Code § 6101.44.

Compliance – Budgetary (Continued)

2. We inspected the GL Account Balance View Report for the years ended December 31, 2022 and 2021 for negative cash fund balance. Ohio Rev. Code § 5705.10 (I) 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 inquired with District management and determined that the District did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(E)(2).
2. We inquired with District 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 inquired with District management and determined that the District did not have a public records policy during the engagement period therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. We inquired with District management and determined that the District did not have a public records policy during the engagement period therefore it could not be included in a policy manual as required by Ohio Rev. Code § 149.43(E)(2).
6. We inquired with District management and determined that the District did not have a public records policy during the engagement period therefore it could not be displayed in all branches of the District as required by Ohio Rev. Code § 149.43(E)(2).
7. 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).
8. We inspected the public notices for the public meetings during our 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.
9. 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.
10. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined no executive sessions occurred during 2022 or 2021.

Other Compliance

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, 2022 and 2021 in the Hinkle system. We found no exceptions.

Related Party Transactions

1. We inquired with management and identified the following Related Party Transactions:
 - a. Steve Lambert, board member, has a brother and nephew who own Rutland Service Center. The District uses the Service Center for tire purchases and repairs.
2. We confirmed the transactions with Rutland Service Center. Rutland Service Center was not computerized during the entire period and was unable to provide all supporting documentation and were only able to confirm \$2,655 of the \$5,491 paid to them by the District. This does not indicate the remainder of payments were incorrect.
3. We obtained supporting evidence for the Related Party Transactions identified in procedure 1. 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.



Keith Faber
Auditor of State
Columbus, Ohio

May 2, 2024

OHIO AUDITOR OF STATE KEITH FABER



LEADING CREEK CONSERVANCY DISTRICT

MEIGS 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 5/23/2024

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This report is a matter of public record and is available online at
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