

HOCKING CONSERVANCY DISTRICT

ATHENS COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 2018 and 2017



OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Board
Hocking Conservancy District
560 W Union St
Athens, OH 45701

We have reviewed the *Independent Accountants' Report on Applying Agreed Upon Procedures* of the Hocking Conservancy District, Athens County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hocking Conservancy District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 24, 2019

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**HOCKING CONSERVANCY DISTRICT
ATHENS COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2018 and 2017**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Hocking Conservancy District
Athens County
560 W. Union Street
Athens, Ohio 45701

We have performed the procedures enumerated below, with which the Board of Directors and the management of Hocking Conservancy District (the District) and the Auditor of State agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. The sufficiency of the procedures is solely the responsibility of the parties specified in this 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.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the 2017 Annual Financial Report to the December 31, 2016 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, 2018 beginning fund balances recorded in the 2018 Annual Financial Report to the December 31, 2017 balances in the Annual Financial Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Annual Financial Report. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website for four bank accounts and we confirmed ten bank accounts. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 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, to determine the debits were dated prior to December 31. There were no exceptions.

6. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We found no exceptions.

Special Assessments Cash Receipts

1. We selected a special assessment receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the amount from the *Statement* to the amount recorded in the Cash Book. The amounts agreed.
 - b. We inspected the Cash Book to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 6101.44, 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Cash Book to confirm the receipt was recorded in the proper year. The receipt was recorded in the proper year.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Cash Book for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. 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 loan activity, between the General Fund and the Margaret Creek Subdivision for 2018 and 2017 and agreed the principal and interest payments from the related amortization schedule to payments reported in the 2018 and 2017 Cashbooks. We also compared the date the loan payments were due to the date the payments were made. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Spreadsheet and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Spreadsheet to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). 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 codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and minute records. We also confirmed the payment was posted to the proper year. We found no exceptions.

- We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 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 2018. 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, 2019	December 31, 2018	\$5,038.24	\$5,038.24
State income taxes	January 15, 2019	December 28, 2018	\$1,101.96	\$1,101.96
Local income tax	January 15, 2019	December 28, 2018	\$ 585.25	\$ 585.25
School District tax	January 31, 2019	December 28, 2018	\$ 59.01	\$ 59.01
OPERS retirement	January 30, 2019	December 30, 2018	\$3,099.60	\$3,099.60

Non-Payroll Cash Disbursements

- From the Cashbook, we re-footed checks recorded as General Fund disbursements for operations, and checks recorded as maintenance in the Special Revenue Margaret Creek Subdivision fund for 2018.
- We selected ten disbursements from the Cashbook for the year ended December 31, 2018 and ten from the year ended December 31, 2017 and determined whether:
 - The disbursements were for a proper public purpose. We found no exceptions.
 - 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 Cashbook and to the names and amounts on the supporting invoices. We found no exceptions.
 - 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.
 - The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Sections 5705.28(B)(2), 5705.41(D) and 6101.44. We found no exceptions.

Compliance – Budgetary

- We compared the total estimated receipts from *the Estimated Revenue Resolutions*, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the December Financial Report for the General, Margaret Creek Subdistrict and Improvement funds for the years ended December 31, 2018 and 2017. The amounts agreed.
- We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Margaret Creek Subdistrict and Improvement funds, the Directors appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38(C). We found no exceptions.

3. We compared total appropriations required by Ohio Rev. Code Section 6101.44, to the amounts recorded in the December Financial Report for 2018 and 2017 for the following funds: General, Margaret Creek Subdistrict and Improvement funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the December Financial Report.
4. Ohio Rev. Code Section 6101.44 prohibits appropriations from exceeding the unencumbered balance plus the amounts to be received during the year. We compared total appropriations to total estimated resources for the General, Margaret Creek Subdistrict and Improvement funds for the years ended December 31, 2018 and 2017. We found no funds for which appropriations exceeded estimated resources.
5. Ohio Rev. Code Section 6101.44 prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017 for the General, Margaret Creek Subdistrict and Improvement funds December Financial Reports. No funds had expenditures exceeding appropriations.
6. Ohio Rev. Code Section 6101.44 requires establishing separate funds to segregate externally-restricted resources. We inspected the Cashbooks for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the District received new restricted receipts. There was no evidence of new restricted receipts for which Ohio Rev. Code Section 6101.44 would require the District to establish a new fund.
7. We inspected the 2018 and 2017 Cashbooks and December Financial Reports for evidence of interfund transfers exceeding \$10,000 which Ohio Rev. Code Section 6101.44 restricts. We found no evidence of transfers this Section prohibits.
8. We inspected the Cashbook for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Rev. Code Section 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.

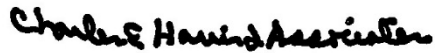
Other Compliance

1. Ohio Rev. Code Section 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. The 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 whether the District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and The Auditor of State established policy within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. Financial information for both years was filed on April 25, 2019, which was not within the allotted timeframe.
2. For all credit card accounts we obtained:
 - a. copies of existing internal control policies,
 - b. a list of authorized users, and
 - c. a list of all credit card account transactions.

We selected 5 credit card transactions for testing. For selected transactions we inspected documentation to determine that each transaction was supported with original invoices and for a proper public purpose. We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, 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.

This report is for the use of the District to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
May 10, 2019

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OHIO AUDITOR OF STATE
KEITH FABER



HOCKING CONSERVANCY DISTRICT

ATHENS 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 18, 2019**