



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Scioto Conservancy District
Marion County
LaRue, Ohio 43332

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Scioto Conservancy District, Marion County, (the District) for the years ended December 31, 2021 and 2020.

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, 2021 and 2020.

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.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. We noted the District had not withheld Ohio state income tax for its sole employee during 2021 and 2020. Ohio Rev. Code § 5747.06 requires every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee. The District should withhold and remit Ohio state income taxes. This issue will be referred to the Ohio Department of Taxation.
2. We noted the District did not have an established and adopted/approved records retention schedule/policy as of December 31, 2021. Ohio Rev. Code §149.43(B)(2) provides that a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying and that public offices shall have available a copy of their current records retention schedule at a location readily available to the public. The District should appropriately establish and approve/adopt a records retention schedule/policy and have the records retention schedule at a location readily available to the public. Additionally, the District should follow the guidance contained within the Ohio Attorney General's Ohio Sunshine Laws Manual in crafting their records retention schedule.

Current Year Observations (Continued)

3. We noted a poster describing District's Public Records Policy was not conspicuously displayed at the District's office. Ohio Rev. Code § 149.43(E)(2) provides that a public office shall create and post in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy. A poster describing the public records policy should be conspicuously displayed in the District's office.

4. We noted that during 2021 and 2020, the District treated all appointed officials performing services for the District as independent contractors. No evidence was provided that a determination of employee versus independent contractor was made. IRS Publication 15-A states generally an employer must withhold and pay federal income tax, social security and Medicare taxes, and pay unemployment taxes on wages paid to an employee. This is generally not the case with an independent contractor. However, to determine whether an individual is an employee or an independent contractor, under common law, the relationship of the worker and the business must be examined. Facts that provide the evidence of the degree of control and degree of independence must be considered. The District should review the guidance noted in IRS Publication 15-A before declaring any worker as an employee or independent contractor upon soliciting their services. In the event that such worker is considered an independent contractor, the District should have evidence to support the determination in line with the criteria as defined in the IRS Publication 15-A. This matter will be referred to the Internal Revenue Service.



Keith Faber
Auditor of State
Columbus, Ohio

October 5, 2022

OHIO AUDITOR OF STATE KEITH FABER



SCIOTO CONSERVANCY DISTRICT

MARION 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 10/18/2022

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