



OHIO AUDITOR OF STATE
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Palestine-Hollansburg Joint Sewer District
Darke County
105 North Main Street
Palestine, Ohio 45352

We have performed the procedures enumerated below on the Palestine-Hollansburg Joint Sewer District's (the District) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2024 and 2023 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2024 and 2023 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District.

The Board of Trustees 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, 2024 and 2023, 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

1. We recalculated the December 31, 2024 and December 31, 2023 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2023 beginning fund balance recorded in the General Ledger to the December 31, 2022 balance in the General Ledger. We also agreed the January 1, 2024 beginning fund balance recorded in the General Ledger to the December 31, 2023 balance in the General Ledger. We found no exceptions.
3. We agreed the 2024 and 2023 bank reconciliation as of December 31, 2024 and 2023 to the total fund cash balance reported in the General Ledger and the financial statements filed by the District in the Hinkle System. The amounts agreed.

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4. We confirmed the December 31, 2024 bank account balance with the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2024 bank reconciliation without exception.
5. We selected the reconciling debit (such as an outstanding check) from the December 31, 2024 bank reconciliation:
 - a. We traced the debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amount and date to the check register, and determined the debit was dated prior to December 31. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We selected the only 3 receipts from the *Statement of Semiannual Apportionment of Taxes* and the State Distribution Confirmation Report from 2024 and a total of 5 from 2023:
 - a. We compared the amount from the above named reports to the amount recorded in the General Ledger. The amounts agreed.
 - b. We inspected the General Ledger to determine the receipts were allocated to the proper fund as required by Ohio Rev. Code §§ 5705.05 and 5705.10. We found no exceptions.
 - c. We inspected the General Ledger 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 individual amounts paid from the Ohio Water Development Authority and the Village of Hollansburg to the District during 2023 with the Ohio Water Development Authority and the Village of Hollansburg. We found no exceptions.
 - a. We inspected the General Ledger to determine whether the receipts were recorded in the proper year. \$1,310,003.68 in on-behalf receipts received from the Ohio Water Development Authority in 2023 were not recorded in the General Ledger.

Charges for Services

1. We selected 10 sewer collection cash receipts from the year ended December 31, 2024 and 10 sewer collection cash receipts from the year ended 2023 recorded in the General Ledger and:
 - a. Agreed the receipt amount per the General Ledger 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, 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 Customer Balance Report.
 - a. This report listed \$44,547 and \$10,209 of accounts receivable as of December 31, 2024 and 2023, respectively.
 - b. Of the total receivables reported in procedure 2a, \$23,416 and \$8,751 were recorded as more than 90 days delinquent.
3. We inspected the Daily Cash Receipts Journal.
 - a. This report listed a total of \$35,660 and \$27,110 non-cash receipts adjustments for the years ended December 31, 2024 and 2023, respectively.
 - b. We selected 5 non-cash adjustments from 2024 and 5 non-cash adjustments from 2023, and observed that the Board of Trustees approved each adjustment except for 3 adjustments in 2024 and 4 adjustments in 2023.

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Debt

1. We inquired of management and inspected the General Ledger for evidence of debt issued during 2024 or 2023 or debt payment activity during 2024 or 2023. We included the newly issued debt for 2024 and 2023 in the Summary Debt table below.
2. From the summary of outstanding debt for 2024 and 2023 below:
 - a. We agreed the principal and interest payments from the related debt amortization schedule to the sewer fund payments reported in the General Ledger and included the total principal payments for both years in the table below. We found no exceptions.
 - b. We compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
 - c. Based on the principal payments made, we agreed the outstanding balance to the debt amortization schedule and included the outstanding balance in the summary table below. We found no exceptions.
 - d. For any outstanding debt listed in the table below, we obtained the debt agreements and confirmed the District was in compliance with its debt covenants. We found no exceptions.

Summary Debt Table					
Debt Issued	Carry Forward Balance 1/1/2023	New Issue 2023	New Issue 2024	Total Principal Payments 2023/2024	Outstanding Balance 12/31/2024
Ohio Water Development Authority Loan #9574	-	\$1,509,104.36	\$343,730.46	\$30,880.58	\$1,821,954.24

3. For any new debt identified in procedure 2 and added to the table in procedure 3, we agreed the amount of debt proceeds received for 2024 and 2023 from the debt documents to amounts recorded per the General Ledger. The following on-behalf debt proceeds were not posted to the General Ledger: \$1,509,104.36 for 2023 and \$272,361.28 for 2024.
4. For new debt issued during 2024 and 2023, we inspected the debt agreement and the intergovernmental agreement between Darke County and the District, which stated the District must use the proceeds to construct a municipal sewage plant. We inspected the General Ledger and related support and observed the District constructed a municipal sewage plant in 2023 and 2024. We found no exceptions.

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the General Ledger for the year ended December 31, 2024 and 10 from the year ended 2023 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, or EFT/ACH, agreed to the check number, date, payee name and amount recorded in the General Ledger 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.

Compliance – Budgetary

1. Ohio Rev. Code §§ 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus contract commitments including outstanding encumbrances) from exceeding appropriations. We were unable to compare total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2024 and 2023 because the District did not approve appropriations for 2024 or 2023, contrary to Ohio Rev. Code §§ 5705.28(B)(2) and 5705.41(B).
2. We inspected the General Ledger for the years ended December 31, 2024 and 2023 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 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. The District did not have any denied public records requests during the engagement period. The District did not have any public records requests with redactions during the engagement period.
3. We inquired with District management and determined that the District did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
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 the 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 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.

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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 these 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 year ended December 31, 2024 in the Hinkle system. Financial information for the year ended December 31, 2023 was filed on March 3, 2025 which was not within the allotted timeframe.

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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 31, 2025

OHIO AUDITOR OF STATE KEITH FABER



PALESTINE-HOLLANSBURG JOINT SEWER DISTRICT

DARKE 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 11/20/2025

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