



Dave Yost • Auditor of State

HOCKING CONSERVANCY DISTRICT
ATHENS COUNTY

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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 the Hocking Conservancy District, Athens County, Ohio (the District), agreed, solely to assist the Board of Directors in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2012 and 2011, 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. 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*. 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 tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the 2011 Annual Financial Report to the December 31, 2010 balances to documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the 2012 Annual Financial Report to the December 31, 2011 balances in the 2011 Annual Financial Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Annual Financial Reports. The amounts agreed.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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. We noted no exceptions.

Cash and Investments (Continued)

6. We tested investments held at December 31, 2012 and December 31, 2012 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 noted no exceptions.

Special Assessments, Intergovernmental and Other Confirmable Cash Receipts

We selected a special assessment receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011.

- a. We traced the amount from the *Statement* to the amount recorded in the 2011 and 2012 Cashbooks. The amounts agreed.
- b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 6101.44, 5705.05-.06 and 5705.10. We found no exceptions.
- c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.

Over-The-Counter Cash Receipts

We selected all over-the-counter cash receipts from the year ended December 31, 2012 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the 2012 Cashbook. The amounts agreed.
- b. Amount charged complied with rates in force during the audit period. We found no exceptions. If applicable.
- c. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2010.
2. We inquired of management and scanned the 2012 Cashbook and 2011 Cashbook for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011.

Ohio Rev. Code Section 133.29(A) provides that before a taxing authority sells any securities of the subdivision to others, the taxing authority may offer the securities at their purchase price and accrued interest to the officer or officers who have charge of the bond retirement fund of the subdivision, or in the case of a municipal corporation, to the treasury investment board for investment under Section 731.56 of the Ohio Rev. Code, or an officer or similar treasury investment board having the authority under a charter.

This type of debt is often referred to as "manuscript debt". Unless accounting for manuscript debt as an advance, governments purchasing their own securities should record them as "investments" in their accounting records. These investments are a form of interfund borrowing. Except as provided in division (E) of Section 135.14, any investment made pursuant to Section 135.14 must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the subdivision.

Debt (Continued)

We noted that the District issued manuscript debt wherein the General Fund loaned the Margaret Creek Special Revenue Fund \$130,000 in 2011 at 2% annual interest and maturing in 2041. The term of the debt exceeded the 5 year maximum allowed. This debt agreed to the summary we used in step 3.

3. We obtained a summary of loan debt activity for 2012 and agreed principal and interest payments from the related debt amortization schedule to payments reported in the 2012 Cashbook. We also compared the date the debt service payments were due to the date the District made the payments. We noted the Margaret Creek Fund only paid the interest portion of the payment due in 2012.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Margaret Creek Fund per the 2011 Cashbook. The amounts agreed.
5. For the new debt issued during 2011, we inspected the debt legislation, noting there were no restrictions on the use of the proceeds. We scanned the 2012 and 2011 Cashbooks and noted the District used the proceeds for operations and engineering and legal fees for the repair of Margaret Creek dams.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 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 determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
 - a. Name.
 - b. Authorized salary or pay rate.
 - c. Department(s) and fund(s) to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether 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 2012. We noted the following:

Payroll Cash Disbursements (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	01/31/2013	01/02/2113	\$5,429.15	\$5,429.15
State income taxes	01/15/2013	12/31/2012	1,213.15	1,213.15
Local income tax	01/31/2013	12/31/2012	595.40	595.40
OPERS retirement (withholding plus employer share)	01/30/2013	12/31/2012	7,286.21	7,286.21
School district income tax	01/31/2013	01/18/2013	391.04	391.04

Non-Payroll Cash Disbursements

1. From the 2012 Cashbook, we re-footed checks recorded as General Fund disbursements for Legal Fees, and checks recorded as Operations in the Special Revenue Fund – Margaret Creek Subdivision fund for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cashbooks for the year ended December 31, 2012 and ten from the year ended 2011 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 2011 and 2012 Cashbooks 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 Sections 5705.28(B)(2), 5705.41(D) and 6101.44. We found no exceptions

Compliance – Budgetary

1. 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 Reports for the General, Margaret Creek Subdivision and Contingency Reserve Funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Margaret Creek Subdivision and Contingency Reserve 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 Reports for the following funds: General, Margaret Creek Subdivision and Contingency Reserve Funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the December Financial Reports.

Compliance – Budgetary (Continued)

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 revenue for the General, Margaret Creek Subdivision and Contingency Reserve funds for the years ended December 31, 2012 and 2011. We noted no funds for which appropriations exceeded estimated revenue.
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, 2012 and 2011 for the General, Margaret Creek Subdivision and Contingency Reserve Funds, as recorded in the December Financial Reports. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 6101.44 requires establishing separate funds to segregate externally-restricted resources. We scanned the 2012 and 2011 Cashbooks for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. We also inquired of management regarding whether the District received new restricted receipts. We noted 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 scanned the 2012 and 2011 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.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

April 2, 2013

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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
APRIL 23, 2013**