



OHIO AUDITOR OF STATE
KEITH FABER





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Upper Scioto Drainage and Conservancy District
Hardin County
One Courthouse Square #180
Kenton, Ohio 43326

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Upper Scioto Drainage and Conservancy District, Hardin County, (the District) for the years ended December 31, 2018 and 2017.

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, 2018 and 2017.

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. The District's accounting system did not include estimated receipts. When estimated receipts are not integrated into the accounting system, the ability to monitor budget versus actual activity is inhibited which may increase the risk of deficit spending.

To help improve the Board of Directors ability to monitor budget versus actual activity, estimated and actual receipts should be recorded in the accounting system.

2. **Ohio Rev. Code § 117.38** requires entities to file their financial information in the HINKLE System within 60 days after the close of the fiscal year. Furthermore **Auditor of State Bulletin 2015-007** requires that Regulatory Cash Basis Entities file Notes to the Basic Financial Statements along with their annual financial statements.

The 2018 and 2017 financial statements were filed timely, however, the financial statements did not present year to date receipt and disbursement activity by classification (i.e. receipt source and disbursement use) and did not include opening and ending fund balances. As a result the financial statement filing was not considered completed. The District filed corrected 2018 and 2017 financial statements on May 9, 2019.

Current Year Observations (Continued)

The District should file subsequent year financial statements and notes to the financial statements using the presentation that was filed on May 9, 2019. Current financial statement and notes to the financial statements examples can be found on the Auditor of State website at: <http://www.auditor.state.oh.us/references/shells/regulatory.html>

3. Bank reconciliations were prepared, however, the reconciled bank balances were not agreed to the accounting system. The failure to agree the bank balances to the accounting system prevented the ability to detect errors in the bank accounts and/or the accounting system.

The month-end balances of all bank accounts should be reconciled to the total fund balances reported in the accounting system. Differences such as outstanding checks, deposits in transit, and other items should be identified and presented on the bank to book reconciliation. Unexplained variances should be immediately investigated and resolved. The Board of Directors should be presented the monthly bank to book reconciliations for review and approval.

Current Status of Matters Reported in our Prior Engagement

4. The matters reported in our prior engagement were repeated as current year observations.



Keith Faber
Auditor of State
Columbus, Ohio

June 20, 2019

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UPPER SCIOTO DRAINAGE AND CONSERVANCY DISTRICT

HARDIN 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
JULY 2, 2019**