



Dave Yost • Auditor of State



LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Leading Creek Conservancy District  
Meigs County  
34481 Corn Hollow Road  
Rutland, Ohio 45775

We have performed the procedures enumerated below, with which the Board of Directors and the management of the Leading Creek Conservancy District, Meigs County, Ohio (the District), 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, 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 January 2011 Monthly Report of Income & Expense to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the January 2012 Monthly Report of Income & Expense to the December 31, 2011 balances in the December 2011 Report of Monthly Income & Expense. 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 December Monthly Reports of Income & Expense. 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.

### **Cash and Investments (Continued)**

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.
6. We tested investments held at December 31, 2012 and December 31, 2011 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.

### **Charges for Services**

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2012 and 10 water collection cash receipts from the year ended 2011 recorded in the Cash Drawer Transaction Report for the period January 2011 through February 2012 and the Payment Register for the period March 2012 through December 2012 and determined whether the:
  - a. Receipt amount per the Cash Drawer Transaction Report/Payment Register agreed to the amount recorded to the credit of the customer's account in the Customer Account History Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer Account History Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing 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 read the U/B Aged Trial Balance for 2012 and the Billing Register for 2011.
  - a. We noted these reports listed \$166,284 and \$147,963 of accounts receivable as of December 31, 2012 and 2011, respectively.
  - b. Of the total receivables reported in step 2a, \$47,119 and \$40,309 were recorded as more than 90 days delinquent as of December 31, 2012 and 2011, respectively.
3. We read the U/B Adjustment Journal for 2012 and the Adjustments History Tracking Report for 2011.
  - a. We noted these reports listed a total of \$19,588 and \$139,756 non-cash receipts adjustments for the years ended December 31, 2012 and 2011, respectively.
  - b. We were unable to select five non-cash adjustments from 2012 and five non-cash adjustments from 2011 to determine that the Board of Trustees or General Manager approved each adjustment because the District did not maintain evidence or supporting documentation of approval for these adjustments.

**Debt**

1. From the prior audit documentation, we noted the following notes and loans outstanding as of December 31, 2010. These amounts agreed to the District's January 1, 2011 balances on the summary we used in step 3, except for OWDA General Obligation Note (3774) and Vinton County National Bank, which the summary used in step 3 showed outstanding balances of \$119,933 and \$164,867, respectively.

Issue	Principal Outstanding at December 31, 2010:
USDA General Obligation Note (05)	\$60,000
USDA General Obligation Note (07)	300,000
OWDA General Obligation Note (2035)	204,674
OWDA General Obligation Note (3186)	171,231
OWDA General Obligation Note (3774)	120,866
Vinton County National Bank	165,723

2. We inquired of management, and scanned the Receipts Journal and Cash Journal for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3. We noted no new debt issuances during 2012 or 2011.
3. We obtained a summary of note debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Cash Journal. We also compared the date the debt service payments were due to the date the District made the payments. We found one payment for both the USDA General Obligation Note (05) and USDA General Obligation Note (07) were due on January 1, 2011 and paid on January 4, 2011. We also found two payments for the Vinton County National Bank Loan were due on January 25, 2011 and September 25, 2011 and were paid on January 26, 2011 and September 27, 2011, respectively.

**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 Register and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account code to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record. 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, we determined whether the following information in the employees' personnel files and minute record 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.

**Payroll Cash Disbursements (Continued)**

- 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 2011. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	1/31/2013	12/28/2012	\$2,331	\$2,331
State income taxes	1/15/2013	1/09/2013	\$1,069	\$1,069
OPERS retirement	1/31/2013	1/31/2013	\$7,382	\$7,382

**Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Register Report 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 Payment Register Report 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 Board Approved Budget, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Income Sheets for the Enterprise Fund 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 Enterprise fund, 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 Expense Sheets for 2012 and 2011 for the Enterprise fund. The amounts on the Budget agreed to the amounts recorded in the Expense Sheets.



**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 Enterprise fund 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 Enterprise fund, as recorded in the Expense Sheets. We noted that Enterprise Fund expenditures for 2011 exceeded total appropriations by \$366,219, contrary to Ohio Rev. Code Section 6101.44. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Directors to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 6101.44 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts Ledger 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.

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 15, 2013

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# Dave Yost • Auditor of State

LEADING CREEK CONSERVANCY DISTRICT

MEIGS 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  
MAY 9, 2013