



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cuyahoga County Soil and Water Conservation District
Cuyahoga County
3311 Perkins Avenue, Suite 100
Cleveland, Ohio 44114

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors (the Board) and the management of the Cuyahoga County Soil and Water Conservation District (the District) on the receipts, disbursements and balances recorded in the District's cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these 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, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District. 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 recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the District's QuickBooks Balance Sheet to the December 31, 2016 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the District's QuickBooks Balance Sheet to the December 31, 2017 balances in the District's QuickBooks Balance Sheet. We found no exceptions.
3. We agreed the totals per the District and Special Fund bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the District's QuickBooks Balance Sheets for the District and Special Fund. The amounts agreed.
4. We observed the December 31, 2018 bank account depository balances for the District Fund on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We compared the December 31, 2018 Special Fund depository balance from the *Cash Basis Annual Financial Report* to the amount reported in the Cuyahoga County FAMIS Report. We found no exceptions.

Efficient

Effective

Transparent

6. We selected a sample (agreed upon) of five outstanding checks from the December 31, 2018 bank reconciliation:
 - a. We footed the supporting outstanding check list and compared it to the cash reconciliation. We found no exceptions.
 - b. We traced each check to the subsequent January, February, and March 2019 bank statements. We found no exceptions.
 - c. We traced the amounts and dates to the check register, to determine the checks were dated prior to December 31. There were no exceptions.

7. We inspected investments held at December 31, 2018 and December 31, 2017 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.

Intergovernmental and Other Confirmable Cash Receipt

We applied the following procedures for the years ended December 31, 2018 and 2017:

- 1 We traced the total of the receipts from the State Distribution Transaction Lists (DTL) to the total amounts recorded in the respective receipt classification in the Special Fund in the QuickBooks Profit and Loss Detail Report. The amounts agreed.

We agreed the total of the receipts from the County Auditor's FAMIS Report to the total amount recorded in the respective receipt classification in the Special Fund in the QuickBooks General Ledger. The amounts agreed.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Gross to Net Register Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Gross to Net Register Report to timecards and legislatively approved rate or salary. We found no exceptions.
 - b. We inspected the QuickBooks General Ledgers to determine whether salaries and benefits were paid only from the *Special Fund*, as required by the SWCD Administrative Handbook Chapter 5. We found no exceptions.
 - c. We inspected the QuickBooks Profit and Loss Detail Report to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.

2. For any new employees selected in procedure 1, we inspected the following information in the employees' personnel files to determine it was consistent with the information used to compute gross and net pay related to the direct deposit:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Retirement system participation and payroll withholding
 - d. Federal, State & Local income tax withholding authorization and withholding
 - e. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – e. above.

3. We selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Gross to Net Register Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The District's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of five disbursements from the *Special Fund* and five disbursements from the *District Fund* from the QuickBooks Detail Transaction List by Date Report for the year ended December 31, 2018 and five from the *Special Fund* and five from the *District Fund* for the year ended 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. For *District Fund* disbursements, we determined whether:
 - i. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the similar data recorded in the QuickBooks General Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
 - ii. The payment was posted to a fund consistent with the purpose for which the fund's cash can be used. We found no exceptions.
 - c. For *Special Fund* disbursements, we determined whether:
 - i. The payee name and amount recorded on the voucher submitted to the County Auditor agreed to the payee name and amount recorded in the QuickBooks Detail Transaction List by Date Report and County FAMIS Reports. We found no exceptions.
 - ii. The names and amounts on the voucher agreed to supporting invoices. We found no exceptions.
 - iii. The voucher was signed by the fiscal officer and approved by a majority of the Board of Supervisors. We found no exceptions.

Special Fund Budgetary Compliance

1. We inspected the District's Special Fund Budget Request submitted to the County Commissioners for the years ended December 31, 2018 and 2017. The request included the Special Fund's *Needs, Income* and *Balances* anticipated for carry over from the current year, as required by the SWCD Administrative Handbook, Chapter 5. We also compared the budget amounts to the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The amounts agreed.
2. We compared the total estimated receipts reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report to the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), and to the amounts recorded in the QuickBooks Profit and Loss Report for the Special Fund for the years ended December 31, 2018 and 2017. The QuickBooks Profit and Loss Report recorded budgeted (i.e. certified) resources for the Special fund of \$1,404,000 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,255,810. The fiscal officer should periodically compare amounts recorded in the QuickBooks Profit and Loss Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Board of Supervisors may be using inaccurate information for budgeting and monitoring purposes. The District did not file a *Certificate of the Total Amount From All Sources Available for Expenditures and Balances*, required by the Ohio Rev. Code Section 5705.36(A)(1),

in 2017. We recommend that the District obtain a *Certificate of the Total Amount From All Sources Available for Expenditures and Balances* from the County on an annual basis.

3. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether the Supervisors appropriated separate amounts within the Special Fund for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
4. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the QuickBooks Profit and Loss Report for the Special Fund for 2018 and 2017, and to the appropriations reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The amounts agreed.
5. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.28(B)(2)(C) prohibit appropriations from exceeding estimated resources. We compared total appropriations to total estimated resources for the Special Fund for the year ended December 31, 2018 and 2017. Appropriations did not exceed estimated resources for the Special Fund.
4. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus year-end certified commitments (i.e. encumbrances)) from exceeding appropriations. We compared total disbursements plus outstanding year-end encumbrances to total appropriations for the year ended December 31, 2018 and 2017 for the "Special" Fund, as recorded in the Combined Statements of Receipts, Disbursements, and Changes in Fund Balance. Expenditures did not exceed appropriations for the Special Fund.
7. We compared interfund transfers-in to transfers-out to ensure they agreed and inspected the transfer activity to determine they were approved by the Board of Supervisors. We found no exceptions.
8. We inspected the Combined Statements of Receipts, Disbursements, and Changes in Fund Balances for the years ended December 31, 2018 and 2017 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) 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. No funds had negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the QuickBooks General Ledgers for the years ended December 31, 2018 and 2017 to determine if the District purchased equipment and services allowed by ORC 940.08 or purchased goods or services allowed by ORC 940.06 whose cost, other than personal service compensation or office space rent, exceeded \$50,000. Amounts over \$50,000 were contracted after receiving sealed bids after advertising for not less than two or more than four weeks.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires 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, 2018 in the Hinkle system. Financial information was filed on June 29, 2018 for year ended December 31, 2017, which was not within the allotted timeframe.

2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - a. We inspected the established policy obtained above and determined it is :
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.We found no exceptions.
 - b. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.

The District has responded to issues discussed in this report. You may obtain a copy of their response from Jan Rybka, Director, at 216-524-6580.

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*. We were not engaged to, and did not conduct an examination or review, 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.

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This report is to provide 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, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

June 28, 2019

OHIO AUDITOR OF STATE KEITH FABER



CUYAHOGA COUNTY SOIL AND WATER CONSERVATION DISTRICT

CUYAHOGA 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 16, 2019**