



OHIO AUDITOR OF STATE
KEITH FABER



OHIO AUDITOR OF STATE KEITH FABER



One Government Center
Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Erie Soil and Water Conservation District
Erie County
2900 Columbus Avenue, Room 131
Sandusky, Ohio 44870-5554

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors (the Board) and the management of Erie Soil and Water Conservation District, Erie County, Ohio (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 General Ledger to documentation 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 General Ledger to the December 31, 2017 balances in the District's General Ledger. We found no exceptions.
3. We agreed the totals per the *District Fund* bank reconciliations to the total of the December 31, 2018 and December 31, 2017 fund cash balances reported in the District's General Ledger for the *District Fund*. The amounts agreed.
4. We confirmed the December 31, 2018 bank account depository balances for the *District Fund* with the District's financial institutions. We found no exceptions. 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 County's Encumbrance Actual Report. We found no exceptions.
6. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:

Efficient

Effective

Transparent

- 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. The District's certificate of deposit with PNC Bank has a ten year maturity. This is not within the prescribed time limes noted in the Ohio Revised Code. District investments should be limited to the time provisions prescribed in the Ohio Revised Code.

Intergovernmental and Other Confirmable Cash Receipts

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) and the total of the receipts from the County Auditor's Transaction History Listing Report to the total amounts recorded in the respective receipt classification in the *Special Fund* in the Special Fund – Income/Expense Detail Report. The amounts agreed.
2. We selected a sample (agreed upon) of five other confirmable receipts from the year ended December 31, 2018 and five other confirmable receipts from the year ended December 31, 2017 in the District Fund – Income/Expense Detail Report from funds other than the *Special Fund* such as district funds.
 - a. We agreed to supporting documentation (check stubs) the amounts paid from the entities to the District. We found no exceptions.
 - b. We inspected the District Fund – Income/Expense Detail Report to determine whether these receipts were allocated to the proper fund. We found no exceptions.

Payroll Cash Disbursements

We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Transmittal Report and:

- a. We compared the hours and pay rate, or salary recorded in the Payroll Transmittal Report to supporting documentation (timecard, legislatively-approved rate or salary). We found no exceptions.
- b. We inspected the Special Fund – Income/Expense Detail Report 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 Special Fund – Income/Expense Report to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.

Non-Payroll Cash Disbursements

We selected a sample (agreed upon) of five disbursements from the *Special Fund* and five disbursements from the *District Fund* from the Income/Expense Detail Report for the year ended December 31, 2018 and five from the *Special Fund* and five from the *District Fund* for the year ended December 31, 2017 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. For *District Fund* and other funds 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 Income/Expense Detail Report 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 Income/Expense Detail Report and County's Transaction History Report. 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 District Director and approved by a majority of the Board. 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 for 2017. For the year ended December 31, 2018, the District's *Special Fund Budget Request* submitted to the County Commissioners listed \$408,750. However, the *Special Fund Budgetary Activity* footnote of the *Cash Basis Annual Financial Report* reported \$396,902 for estimated receipts. The Administrative and Fiscal Coordinator should compare amounts submitted to the County Commissioners to amounts reported in the *Cash Basis Annual Financial Report* to help ensure the accuracy of the *Cash Basis Annual Financial Report*.
2. We compared the total estimated receipts reported on the *Special Fund Budgetary Activity* footnote of the *Cash Basis Annual Financial Report* to the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), and to the amounts recorded in the County's Encumbrance Actual Report for the *Special Fund* for the years ended December 31, 2018 and 2017. The amounts agreed for the 2017. The *Special Fund Budgetary Activity* footnote of the *Cash Basis Annual Financial Report* recorded budgeted (i.e. certified) resources for the *Special Fund* of \$396,902 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$408,750. The Administrative and Fiscal Coordinator should ensure authorized estimated receipts included on the *Amended Official Certificate of Estimated Resources* are entered to the District's *Cash Basis Annual Financial Report* to help ensure accurate financial reporting.
3. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether the Board 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 County's Encumbrance Actual 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 *Cash Basis Annual Financial Report*. 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. We found no exceptions.
8. We inspected the *Cash Basis Annual Financial Report* 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. We noted no funds having a negative cash fund balance.

Compliance – Contracts and Expenditures

We inquired of management and inspected the Income/Expense Detail Report for the years ended December 31, 2018 and 2017 to determine if the District purchased equipment and services allowed by Ohio Rev. Code Section 940.08 or purchased goods or services allowed by Ohio Rev. Code Section 940.06 whose cost, other than personal service compensation or office space rent, exceeded \$50,000. There were no purchases exceeding \$50,000.

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 its complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2018 and 2017 in the HINKLE system. There were no exceptions.
2. For all credit card accounts we obtained:
 - copies of existing internal control policies,

- a list of authorized users, and
- a list of all credit card account transactions.

We selected three 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.

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.

This report is to provide assistance in the evaluation of the District's receipts, disbursements and balances recorded in its 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.



Keith Faber
Auditor of State

Columbus, Ohio

June 18, 2019

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



ERIE SOIL AND WATER CONSERVATION DISTRICT

ERIE 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**