



**HOLMES COUNTY SOIL AND WATER CONSERVATION DISTRICT
HOLMES COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2016-2012



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Supervisors
Holmes County Soil and Water Conservation District
Holmes County
62 W Clinton St.
Millersburg, OH 44654

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Holmes County Soil and Water Conservation District (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 through 2016, 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 followed 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.

Depository Balances, Investments and Fund Balances

We applied the following procedures to each *Cash Basis Annual Financial Report* (the Reports) for the fiscal years ending December 31, 2012 through December 31, 2015:

1. We footed and cross-footed the amounts on pages 3A and 3B of the Reports, and compared the *Fund Cash Balances, December 31* to the *Fund Balances* on page 2. The amounts agreed.
2. We compared the *Disbursements* plus *Other Financing Uses* for the Special Fund on pages 3A and 3B of the Reports to the Disbursements reported on page 4. The amounts agreed except for 2012, with amounts on pages 3A and 3B exceeding amounts on page 4 by \$55.
3. We compared the *Receipts* plus *Other Financing Sources* for the Special Fund on pages 3A and 3B of the Reports to the Actual Receipts reported on page 5. The amounts agreed except for 2012, with amounts on 3A and 3B exceeding amounts on page 5 by \$55.
4. We tested the mathematical accuracy of the reconciliation on page 2. We found no exceptions.

Depository Balances, Investments and Fund Balances (Continued)

5. We agreed the January 1 and December 31 fund cash balances reported in the District's Accounting System to the corresponding *Fund Cash Balances* on page 3B of the Reports. In 2015, the report's January 1 beginning balance did not equal the December 31 balance of the prior year for the District Fund or Special Fund. Additionally, neither beginning balances nor ending balances for 2015 in the accounting system agreed to the report for the District Fund or the Special Funds. For 2014, the District Fund's December 31 Fund Balance within the accounting system did not agree to the report. All other amounts agreed for all other years.

We also applied the following procedures to the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* in the *Cash Basis Annual Financial Report* filed in the Hinkle System (the Report) at December 31, 2016:

6. We footed and cross-footed the amounts on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. We noted that beginning fund balance was not presented, and therefore ending fund balance could not be calculated. Additionally, transfers out were not recorded as an Other Financing Use, but as an Other Financing Source, which would also cause ending fund balance to be miscalculated. We found no other exceptions.
7. We compared the *Disbursements plus Other Financing Uses* for the Special Fund on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* to the Budgetary Expenditures in the Special Fund Budgetary Activity footnote. The Combined Statement exceeded the Budgetary Activity footnote by \$446.
8. We compared the *Receipts plus Other Financing Sources* for the Special Fund on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* to the Actual Receipts in the Special Fund Budgetary Activity footnote. The Combined Statement exceeded the Budgetary Activity footnote by \$625.
9. We compared the January 1 and December 31 fund cash balances reported in the District's Accounting System to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. No beginning fund balance was presented on the Combined Statement. Ending fund balance per the accounting system exceeded the Combined Statement for the District Fund by \$224.25, but agreed for the Special Fund.
10. We confirmed the December 31, 2016 bank account depository balances for the District Fund with the District's financial institutions. The balances agreed.
11. We compared the December 31, 2016 Special Fund depository balance from the *Report* to the amount reported in the Holmes County Receipt Report. We found no exceptions.
12. For the checks comprising the Outstanding Checks, we applied the following procedures:
 - 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 and February bank statements. We found no exceptions.
 - c. We traced the amounts and dates of each check to the check register, to determine the check was recorded for the same amount and dated and recorded prior to December 31. We noted no exceptions.

Depository Balances, Investments and Fund Balances (Continued)

13. We tested interbank account transfers occurring in December to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions
14. We tested investments held at December 31, 2016 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 Receipts

We applied the following procedures for the years ended December 31, 2012 through December 31, 2016:

- 1 We agreed the total of the receipts from the State Distribution Transaction Lists (DTL) and the total of the receipts from the County Auditor's Vendor Transaction Report to the total amounts recorded in the respective receipt classification in the Special Fund in the Receipt Register Report. In 2015, the District recorded \$540 of State Receipts within the District Fund rather than the Special Fund. In 2014, the District recorded \$2,000 of State Receipts within the District Fund rather than the Special Fund. In 2013, the District received \$3,480 from the Muskingum Watershed Conservancy District that was posted as State Receipts but should have been recorded as Local Government receipts. No other issues were noted.
- 2 We haphazardly selected three other confirmable receipts from the year ended December 31, 2016, three other confirmable receipts from each of the years ended December 31, 2012 through 2014 and two other confirmable receipts for December 31, 2015 in the Receipt Register Report from funds other than the *Special Fund* such as grants, municipal and township.
 - a. We confirmed the amounts paid from the county, sewer district and Alpine Dairy to the District. We found no exceptions.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.

All Other Cash Receipts

We haphazardly selected 10 other cash receipts from the year ended December 31, 2016 and five other cash receipts from each of the years ended 2012 through 2015 recorded in the duplicate cash receipts book and determined whether the:

1. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
2. Amount charged complied with rates in force during the period, if applicable. We noted there were no rate schedules for tree sales, fabric and subdivision permits for 2012-2015 and no rate schedules for soil test/manure for 2014-2015. We found no other exceptions.
3. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for two employees for each of the years ended December 31, 2012 through 2015 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether salaries and benefits were paid only from the *Special Fund*, as required by the SWCD Administrative Handbook Chapter 5. We noted no exceptions.
 - c. We determined whether the check was classified as *salaries*. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For the five employees tested in step 1 from 2016, we determined whether the following information in the employees' personnel files or minute record was consistent with the information used to compute gross and net pay related to the check:
 - 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 steps a. – e. above.

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) occurring between January 1, 2012 and December 31, 2016, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment 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. From the Payment Register Detail Report, we re-footed checks recorded as *District Fund* disbursements for *contract services* and *supplies* for 2016. We found no exceptions.
2. We haphazardly selected five disbursements from the *Special Fund* and five disbursements from the *District Fund* and other funds from the Payment Register Detail Report for the year ended December 31, 2016 and two from the *Special Fund* and three from the *District Fund* and other funds for each of the years ended 2012 through 2015 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 Appropriation 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 General Ledger and County MUNIS reports. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- ii. The names and amounts on the voucher agreed to supporting invoices. We found no exceptions.
- iii. The invoice was signed by the fiscal officer and approved by a majority of the Board of Supervisors. We found no exceptions.

2016 Special Fund Budgetary Compliance

1. We read the District's Special Fund Budget Request submitted to the County Commissioners. We noted 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. Although the initial appropriations submitted to the County Commissioners agreed to the Budgetary Activity Footnote, subsequent supplemental appropriations were not added to the footnote, with \$55,747 more being approved by the County Commissioners than what was on the 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 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 Revenue Status Report for the Special Fund. Budgeted Receipts per the Special Fund Budgetary Footnote differed from estimated receipts per the County's Certification by \$82,436, and differed from the Receipt Summary Report by \$76,747.78.
3. We scanned the appropriation measures 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 Appropriation Status Report for the Special Fund, and to the appropriations reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The Budgetary Footnote disclosure differed from the approved appropriations and the Budgetary Report from the system by \$55,747.
5. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.28(B)(2)(C) prohibit appropriations from exceeding estimated revenue. We compared total appropriations to total estimated revenue for the Special Fund for the year ended December 31, 2016. We noted appropriations did not exceed estimated revenues for the Special Fund.
6. 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, 2016 for the "Special" Fund, as recorded in the Annual Cash Basis Financial Report. We noted expenditures did not exceed appropriations for the Special Fund.
7. We determined that interfund transfers-in equaled transfers-out and were approved by the Board of Supervisors. We found no exceptions. However, the transfers on the report were \$894.93 higher than within the system.

2016 Special Fund Budgetary Compliance (Continued)

8. We scanned the Annual Cash Basis Financial Report for the year ended December 31, 2016 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.

2016 Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the year ended December 31, 2016 to determine if the District purchased equipment and services allowed by ORC 1515.09 or purchased goods or services allowed by ORC 1515.08(H)(1) whose cost, other than personal service compensation or office space rent, exceeded \$50,000. We noted amounts over \$50,000 were contracted after receiving sealed bids after advertising for not less than two or more than four weeks.

2016 Other Compliance

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. We reviewed the HINKLE system and noted the District filed their financial information within the allotted timeframe for the year ended December 31, 2016.

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

Columbus, Ohio

July 6, 2017



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HOLMES COUNTY SOIL AND WATER CONSERVATION DISTRICT

HOLMES 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
SEPTEMBER 12, 2017**