



**MORROW COUNTY SOIL & WATER CONSERVATION DISTRICT
MORROW COUNTY**

AGREED UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2016-2012



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Morrow County Soil and Water Conservation District
Morrow County
5362 US Hwy 42 Suite 202
Mt. Gilead, OH 43338

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Morrow 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. 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.
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. Except for the following exception, the amounts agreed to the Reports. We found one exception on the 2013 Report. The total receipts amount was correct on page 3A, but incorrect on page 5. We found a variance of \$68,377.
4. We recomputed the mathematical accuracy of the reconciliation on page 2. We found no exceptions.
5. We agreed the January 1 and December 31 fund cash balances reported in the District's Special Fund Cash Report-Detail report and the District Fund General Ledger report to the corresponding *Fund Cash Balances* on page 3B of the Reports. The amounts agreed.

Depository Balances, Investments and Fund Balances (Continued)

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 found cross-foot errors for total January 1 Fund Cash Balances and December 31 Fund Cash Balances. We found a variance of \$81,623.
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. We found a variance of \$877.
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 amounts agreed.
9. We agreed the January 1 and December 31 fund cash balances reported in the District's Special Fund Cash Report Account Transaction Ledger and the District Fund General Ledger report to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. The amounts agreed.
10. We observed the December 31 balances for the District Fund on the financial institutions' websites. The balance for Star Ohio agreed. The balance for First Knox did not agree by \$399.30. We brought this to management's attention, and they found the following errors: three recording errors totaling \$299.30 and one receipt deposited but not recorded for \$100.00 and made the appropriate adjustments in the ledgers.
11. We compared the December 31, 2016 Special Fund depository balance from the *Report* to the amount reported in the Cash Balance By Fund report. We found 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 Revenue Account Transaction Ledger to the total amounts recorded in the respective receipt classification in the Special Fund in the Financial Report. The amounts agreed.

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 General Ledger report. We found one receipt for \$100 for Drill Rental that was not recorded in the District fund General Ledger report. We brought this to management's attention. They corrected the General Ledger for this item. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

All Other Cash Receipts (Continued)

2. Amount charged complied with rates in force during the period, if applicable. We found no exceptions.
3. Receipt was posted to the proper fund, and was recorded in the proper year. We found one receipt of \$100 for a rental that was not recorded in the District fund General Ledger report. We brought this to management's attention. They corrected the General Ledger for this item. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for all employees from 2016 and one payroll check for two employees for each of the years ended December 31, 2012 through 2015 from the Payroll History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll History Report to the timecards. We found no exceptions.
 - b. We inspected the Payroll History 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 Payroll History Report to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.
2. For all employees selected in step 1 from 2016, 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 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 Payroll History 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. and b. above. However, we found an employee was overpaid \$104 for sick leave as she did not meet the District's payout policy of having 10 years of public service. The Administrative Assistant noted the error in 2015 for the overpayment made in 2013, the overpayment was paid back in June 2015. After the correction, the amounts netted and tied to the employee's approved severance amount.

Non-Payroll Cash Disbursements

1. We haphazardly selected five disbursements from the *Special Fund* and five disbursements from the *District Fund* from the Detail Expenditure Report for the year ended December 31, 2016 and two from the *Special Fund* and three from the *District Fund* 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* 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 Detail Expenditure 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 invoice submitted to the County Auditor agreed to the payee name and amount recorded in the Detail Expenditure Report and County Ledgers. We found no exceptions.
 - 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 one board member and approved by a majority of the Board of Supervisors in the meeting minutes. We found one exception in 2013 in which the invoice was signed by the fiscal officer and one board member, but not approved by the majority of the board in the minutes. Because we did not inspect all nonpayroll disbursements, our report provides no assurance regarding whether or not other similar errors occurred.

2016 Special Fund Budgetary Compliance

1. We inspected the District's Special Fund Budget Request submitted to the County Commissioners. 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 Revenue Report for the Special Fund. The amounts agreed.
3. We inspected 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 Departmental Budget for the Year 2016 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 amounts agreed.

2016 Special Fund Budgetary Compliance (Continued)

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, 2016. Appropriations did not exceed estimated resources 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. Expenditures did not exceed appropriations for the Special Fund.
7. We inspected 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. No funds had negative cash fund balances.

2016 Compliance – Contracts & Expenditures

We inquired of management and inspected the Special Fund Account Transaction Ledger report and the District Fund General Ledger 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. There were no purchases exceeding \$50,000.

2016 Other Compliance

Ohio Rev. Code Section 117.38 requires these 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, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the District's deadline where the initial filing was filed on time but incomplete. 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, 2015 but did not include the notes to the financial statements. For the year ended December 31, 2016, the District filed their complete financial statements, but not within the allotted timeframe.

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*. 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.

Morrow County Soil and Water Conservation District
Morrow County
Independent Accountants' Report on
Applying Agreed-Upon Procedures
Page 6

This report is for the use of the District to assist in evaluating its 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 and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

October 30, 2017



Dave Yost • Auditor of State

MORROW COUNTY SOIL AND WATER CONSERVATION DISTRICT

MORROW 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
NOVEMBER 21, 2017**