



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Sandusky County Soil and Water Conservation District
Sandusky County
2000 Countryside Drive, Suite A
Fremont, Ohio 43420

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Sandusky County Soil and Water Conservation District, Sandusky 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 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. The amounts agreed.
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 Balance Sheet report and the Sandusky County Cross Fund report to the corresponding *Fund Cash Balances* on page 3B of the Reports. The amounts agreed.

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 no 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 amount recorded in the Special Fund Budgetary Activity Footnote was \$56 higher due to an outstanding encumbrance at year end.
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 Balance Sheet for the District Fund and the Sandusky County Cross Fund Report for the Special Fund to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. The January 1 District Fund balance agreed to the Balance Sheet, however the December 31 District Fund balance was overstated by \$37,513. This was a result of errors made while populating the revenue fields of the financial statements. The underlying accounting records are correct; therefore no correcting entries to the accounting system were necessary. The remaining cash balances were recorded correctly. We recommend the Board perform a final review of the report to help ensure the proper amounts are entered.
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 and the December 31, 2016 Soil and Water Sick Leave Fund balance from the *Report* to the amount reported in the Sandusky County Cross Fund 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 bank statement. 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.
13. We inspected 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 Detail General Ledger Report to the total amounts recorded in the respective receipt classification in the Special Fund in the Detail General Ledger Report. The amounts agreed.
- 2 We selected the confirmable receipt from the year ended December 31, 2015 in the Cash Receipt Journal from funds other than the *Special Fund* such as reimbursements from State entities. We inspected the amount paid from the Ohio Department of Natural Resources to the District during 2015 with State disbursement support. We found no exceptions.
 - a. We agreed to supporting documentation the amount paid from the Ohio Department of Natural Resources to the District. We found no exceptions.
 - b. We inspected the Cash Receipts Journal to determine whether this receipt was allocated to the proper fund. We found no exceptions.

All Other Cash Receipts

We haphazardly selected ten other cash receipts from the year ended December 31, 2016 and five other cash receipts from 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 Cash Receipts Journal. The amounts agreed.
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 no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for all employees from 2016 and one payroll check for all employees for each of the years ended December 31, 2012 through 2015 from the Earnings History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Pay Stubs to supporting documentation (timecard). We found no exceptions.
 - b. We inspected the Detail General Ledger 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 Detail General Ledger 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 and minute record 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 and Local income tax withholding authorization and withholding
 - e. Any other deduction authorizations.

We found no exceptions related to steps a. through e. above.

3. We haphazardly selected and recomputed one termination payment (unused sick leave) occurring between January 1, 2012 and December 31, 2016, and agreed the computation to the amount paid as recorded in the Earnings 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. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected five disbursements from the *Special Fund* and five disbursements from the *District Fund* and other funds from the Check Register and the Accounts Payable by G/L Distribution 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 December 31, 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 Check Register 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 Accounts Payable by G/L Distribution Report. We found no exceptions.

- ii. 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 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 did not agree. Appropriations per the Special Fund Budgetary Activity footnote were \$10,189 higher than appropriations formally approved by the Board. This was a result of supplemental appropriations included in the budgetary footnote which were not formally approved by the board in the minute record or by resolution. We recommend the Board formally approve all supplemental appropriations.
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 Budget Performance 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 Budget Performance 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 did not agree. Total Appropriations per the County Budget Performance Report were \$86,331, which was \$8,269 higher than the \$78,062 formally appropriated by the Board, and total appropriations per the Special Fund Budgetary Activity Footnote were \$88,251, which was \$10,189 higher than appropriations formally approved by the board. This was a result of supplemental appropriations not formally approved by the board in the minutes record or by resolution, and by communication errors between the District and Sandusky County over the correct appropriation amounts to record in the Budget Performance Report. We recommend the Board formally approve all supplemental appropriations and reconcile the amounts approved by the Board to what is posted by the County.
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.
5. 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 and Expenditures

We inquired of management and inspected the Accounts Payable by General Ledger Distribution 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 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.

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.

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.



Dave Yost
Auditor of State

Columbus, Ohio

July 13, 2017



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SANDUSKY COUNTY SOIL AND WATER CONSERVATION DISTRICT

SANDUSKY 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
AUGUST 15, 2017**