



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Maumee Watershed Conservancy District
Defiance County
1464 Pinehurst Drive
Defiance, Ohio 43512-8670

We have performed the procedures enumerated below, with which the Board of Directors and the management of Maumee Watershed Conservancy District, Defiance 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, 2017 and 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.

Cash and Investments

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Cash Control Report to the December 31, 2015 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Cash Control Report to the December 31, 2016 balances in the Cash Control Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Cash Control Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the District's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

6. We inspected investments held at December 31, 2017 and 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 found no exceptions.

Special Assessments and Intergovernmental Cash Receipts

1. We haphazardly selected a special assessment receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016:
 - a. We traced the amount from the *Statement* to the amount recorded in the Receipt Register Cash Control Report. The amounts agreed.
 - b. We inspected the Receipt Register Cash Control Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 6101.44, 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Register Cash Control Report to confirm the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We selected the one receipt from the State Distribution Transaction Lists (DTL) from 2017 and all three from 2016. We also haphazardly selected five receipts from the County Auditor's Vendor Invoice List from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Cash Control Report. The amounts agreed.
 - b. We inspected the Receipt Register Cash Control Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipt Register Cash Control Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2015.
2. We inquired of management, and inspected the Receipt Register Cash Control Reports and Cash Control Reports for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances, nor any debt payment activity during 2017 or 2016.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in procedure 1 we compared the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State and Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

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

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2017. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare	January 31, 2018	December 26, 2017	\$5,270.07	\$5,270.07
State income taxes	January 16, 2018	December 26, 2017	1,027.07	1,027.07
School district income taxes	January 16, 2018	December 26, 2017	135.60	135.60
Local income tax – Village of Paulding	January 31, 2018	December 27, 2017	151.82	151.82
Local income tax – City of Defiance	January 31, 2018	December 27, 2017	230.43	230.43
OPERS retirement	January 31, 2018	December 26, 2017	7,362.06	7,362.06

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Cash Control Report for the year ended December 31, 2017 and ten from the year ended December 31, 2016 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Cash Control Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The District Treasurer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Sections 5705.28(B)(2), 5705.41(D) and 6101.44. We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Revenue Status Ledger for the Preliminary General, Grassy Creek Maintenance, and Upper Blanchard Improvement funds for the years ended December 31, 2017 and 2016. The amounts on the *Amended Certificate* agreed to the amount recorded in the accounting system, except for the Upper Blanchard Improvement fund. The Revenue Status Ledger recorded budgeted (i.e. certified) resources for the Upper Blanchard Improvement fund of \$836,000 and \$42,000 for 2017 and 2016, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$2,500,000 and \$743,000, respectively. The fiscal officer should periodically compare amounts recorded in the Revenue Status Ledger to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Directors may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the Preliminary General, Grassy Creek Maintenance, and Upper Blanchard Improvement funds, the Directors appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 6101.44, to the amounts recorded in the Appropriation Status Ledger for 2017 and 2016 for the following funds: Preliminary General, Grassy Creek Maintenance, and Upper Blanchard Improvement funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Ledger.
4. Ohio Rev. Code Section 6101.44 prohibits appropriations from exceeding the unencumbered balance plus the amounts to be received during the year. We compared total appropriations to total estimated resources for the Preliminary General, Grassy Creek Maintenance, and Upper Blanchard Improvement funds for the years ended December 31, 2017 and 2016. We found no funds for which appropriations exceeded estimated resources.
5. Ohio Rev. Code Section 6101.44 prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2017 and 2016 for the Preliminary General, Grassy Creek Maintenance, and Upper Blanchard Improvement funds, as recorded in the Appropriation Status Ledger. No funds had expenditures exceeding appropriations.
6. Ohio Rev. Code Section 6101.44 requires establishing separate funds to segregate externally-restricted resources. We inspected the Cash Control Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the District received new restricted receipts. The District established the Upper Blanchard Improvement Fund during 2016 to segregate improvement project receipts and disbursements related to the Upper Blanchard River flood mitigation project, in compliance with Section 6101.44.
7. We inspected the 2017 and 2016 Revenue Status Ledger and Appropriation Status Ledger for evidence of interfund transfers which Ohio Rev. Code Section 6101.44 restricts. We found no evidence of transfers this Section prohibits.

8. We inspected the Cash Control Report for the years ended December 31, 2017 and 2016 for negative cash fund balance. 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. There were no funds having negative cash fund balances.

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. 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 years ended December 31, 2017 and 2016 in the Hinkle system. There were 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 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, 2017 and 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

August 13, 2018

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MAUMEE WATERSHED CONSERVANCY DISTRICT

DEFIANCE 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, 23 2018**