



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Auglaize Soil and Water Conservation District
Auglaize County
110 Industrial Drive, Suite G
Wapakoneta, Ohio 45895

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors (the Board) and the management of the Auglaize Soil and Water Conservation District (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

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 Fund Balance Sheet to the December 31, 2016 balances in the prior year 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 Fund Balance Sheet to the December 31, 2017 balances in the District's Fund Balance Sheet. We found no exceptions.
3. We agreed the totals per the District Fund bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the District's Account Reconciliation Report 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 institution. 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 and WLEB Grant Fund depository balances from the *Cash Basis Annual Financial Report* to the amounts reported in Auglaize County's Combined MTD/YTD Fund Report for Year 2018 Month 12. We found no exceptions.

Intergovernmental Cash Receipts

We applied the following procedures for the years ended December 31, 2018 and 2017:

We traced the total of the receipts from the State Distribution Transaction Lists (DTL) and the total of the receipts from the Auglaize County Detail Expense Transactions by Fund Report to the total amounts recorded in the respective receipt classification in the Special Fund in the Detail Revenue Transactions by Fund Report. The amounts agreed.

All Other Cash Receipts

We selected a sample (agreed upon) of 10 other cash receipts from the year ended December 31, 2018 recorded in the General Ledger and:

1. Agreed the receipt amount to the amount recorded in the General Ledger. The amounts agreed.
2. Confirmed the amount charged complied with rates in force during the period, if applicable. We found no exceptions.
3. Inspected the General Ledger to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Summary Payroll History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Summary Payroll History Report to supporting documentation (timecard, legislatively-approved rate or salary). We found no exceptions.
 - b. We inspected the Summary Payroll History Report to determine whether salaries and benefits were paid only from the *Special Funds*, as required by the SWCD Administrative Handbook Chapter 5. We found no exceptions.
 - c. We inspected the Summary 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 any new employees selected in procedure 1, we inspected the following information in the employee's personnel file 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

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

Non-Payroll Cash Disbursements

We selected a sample (agreed upon) of five disbursements from the *Special Fund* and five disbursements from the *District Fund* and other funds from the *Detail Expense Transactions by Fund Report* and *General Ledger*, respectively, and for the year ended December 31, 2018 and five from the *Special Fund* and five from the *District Fund* and other funds for the year ended 2017 and determined whether:

Non-Payroll Cash Disbursements (Continued)

- 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 General 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 or invoice submitted to the County Auditor agreed to the payee name and amount recorded in the Detail Expense Transactions by Fund 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 fiscal officer and approved by a majority of the Board of Supervisors. 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 plus appropriation amendments 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 Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), and to the amounts recorded in the Detail Revenue Report for the Special Fund for the years ended December 31, 2018 and 2017. The amounts agreed for 2017. However, for 2018, the amount of estimated receipts reported for the Special Fund in the budgetary activity footnote of the annual financial report varied by \$15,456 from the amount shown on the certificate of estimated resources and the amount recorded on the Detail Revenue Report. The District should verify that the proper estimated receipts amount for the Special Fund is reported in the budgetary activity footnote of the annual financial report.
3. We inspected the appropriation measures adopted for 2018 and 2017 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 MTD/YTD Total Expense 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.

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 years ended December 31, 2018 and 2017. 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 years ended December 31, 2018 and 2017 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 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. No funds had a negative cash fund balance.
8. We inquired of management and inspected the MTD/YTD Total Expense Report to determine whether the District elected to establish a contingency, not designated for any particular purpose (contingency reserve balance - spending reserve) permitted by Ohio Rev. Code Section 5705.29(A)(1). The District did not establish these reserves.

Compliance – Contracts & Expenditures

We inquired of management and inspected the General Ledger and Detail Expense Transactions by Fund Report for the years ended December 31, 2018 and 2017 to determine if the District purchased equipment and services allowed by ORC 940.08 or purchased goods or services allowed by ORC 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 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, 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.

Other Compliance (Continued)

- a. We inspected the established policy(ies) obtained above and determined it is:
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.

We determined that the District does not have an approved credit card policy that is in compliance with the HB 312 statutory requirements. The District should develop and approve a credit card policy to meet all requirements of HB 312. The District should refer to HB 312 and Auditor of State Bulletin 2018-003 to develop a proper credit card policy. Failure to do so could result in unauthorized and improper use of credit cards.

- b. We selected 3 credit card transactions from 2018 and 3 from 2017 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 their 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

July 12, 2019

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OHIO AUDITOR OF STATE KEITH FABER



AUGLAIZE COUNTY SOIL AND WATER CONSERVATION DISTRICT

AUGLAIZE 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 25, 2019**