



OHIO AUDITOR OF STATE
KEITH FABER



HARRISON COUNTY SOIL AND WATER CONSERVATION DISTRICT
HARRISON COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Harrison County Soil and Water Conservation District
Harrison County
538 North Main Street
Cadiz, Ohio 43907

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors (the Board) and the management of the Harrison County Soil and Water Conservation District, Harrison County, Ohio (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 General Ledger 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 General Ledger to the December 31, 2017 balances in the District's General Ledger. 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 General Ledger for the District Fund. The amounts did not agree by \$523 in 2018 due to five outstanding checks that were not accounted for on the District's bank reconciliation and \$50 in 2017.
4. We confirmed the December 31, 2018 bank account depository balance 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 depository balance from the *Cash Basis Annual Financial Report* to the amount reported in the County's Budget Report. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

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

1. We traced the total of the receipts from the State Distribution Transaction Lists (DTL) and the total of the receipts from the County's Transaction History Report to the total amounts recorded in the respective receipt classification in the Special Fund in the County's Transaction History Report and the District Fund in the District's Custom Transaction Detail Report. The amounts agreed.
2. We selected all other confirmable receipts from the year ended December 31, 2018 and all other confirmable receipts from the year ended December 31, 2017 in the County's Transaction History Report from the *Special Fund*.
 - a. We agreed to supporting documentation the amounts paid from the Muskingum Watershed Conservancy District to the District. We found no exceptions.
 - b. We inspected the County's Transaction History Report to determine whether these receipts were allocated to the proper fund. 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 County Payroll Distribution Report and:
 - a. We compared the hours and pay rate, or salary recorded in the County Payroll Distribution Report to supporting documentation (timecard and legislatively-approved rate). We found one instance where a timecard was not properly retained and as a result, we were unable to agree the hours worked by the employee from the County Payroll Distribution Report to appropriate supporting documentation. We also noted one instance where an employee was reported as taking leave on the County Payroll Distribution Report; however, the leave hours/type of leave was not documented on the employee's timecard. Because we did not compare all timecards, our report provides no assurance whether or not other similar errors occurred.
 - b. We inspected the County Payroll Distribution 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 County Transaction 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 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 & Local income tax withholding authorization and withholding; and
 - e. Any other deduction authorizations (deferred compensation, etc.).

We found no exceptions related to procedures a. – e. 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* from the County's Transaction History Report and District's General Ledger for the year ended December 31, 2018 and five from the *Special Fund* and five from the *District Fund* for the year ended 2017 and determined whether:

Non-Payroll Cash Disbursements (Continued)

- a. The disbursements were for a proper public purpose, except in 2017 a \$25 late fee was paid by the District, which is not considered a proper public purpose.
- 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 District's General Ledger and to the names and amounts on the supporting invoices. We noted one disbursement in 2018 and in all tested disbursements in 2017 where returned, canceled check images were not provided. There was also one instance noted in 2018 where an expenditure was not supported with an invoice.
 - 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 County's Transaction History 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 noted one instance in 2018 where the fiscal officer did not sign a voucher. We also noted four instances in 2018 and two instances in 2017 where approval by a majority of the Board of Supervisors was not obtained for the disbursement.

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 to the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The District's Budget Request, plus amendments, reported appropriations for the Special Fund of \$205,334 in 2018 and \$230,392 in 2017. However, the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report reflected \$291,031 in 2018 and \$220,736 in 2017.
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 § 5705.36(A)(1), and to the amounts recorded in the County's Budget Report for the Special Fund for the years ended December 31, 2018 and 2017. The County's Budget Report and final *Amended Official Certificate of Estimated Resources* recorded budgeted (i.e. certified) resources for the Special Fund of \$345,446 in 2018. However, the District's Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report reflected \$301,584 in 2018. The amounts agreed in 2017.
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 § 5705.38(C). We found no exceptions.
4. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the County's Budget 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.

Special Fund Budgetary Compliance (Continued)

Total appropriations agreed to the amounts recorded in the County's Budget Report for the Special Fund for 2018 and 2017; however, total appropriations of \$205,334 in 2018 and \$230,392 in 2017 did not agree to the appropriations reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report of \$291,031 in 2018 and \$220,736 in 2017.

5. Ohio Rev. Code §§ 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, 2018 and 2017. Appropriations did not exceed estimated resources for the Special Fund.
6. Ohio Rev. Code § 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, 2018 and 2017 for the "Special" Fund, as recorded in the County's Budget Report. Special Fund expenditures for 2018 exceeded total appropriations by \$24,727, contrary to Ohio Rev. Code § 5705.41(B). The Fiscal Officer should deny payment requests exceeding appropriations. The Fiscal Officer may request the Supervisors to approve increased expenditure levels by increasing appropriations and amending estimated revenue, if necessary, and if resources are available. Expenditures did not exceed appropriations for the Special Fund in 2017.
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 § 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.
8. We inquired of management and inspected the County's Budget Report and District's General Ledger 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 § 5705.29(A)(1). The District did not establish these reserves.

Compliance – Contracts & Expenditures

We inquired of management and inspected the County's Transaction History Report and District's General Ledger for the years ended December 31, 2018 and 2017 to determine if the District purchased equipment and services allowed by Ohio Rev. Code § 940.08 or purchased goods or services allowed by Ohio Rev. Code § 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 § 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.

Other Compliance (Continued)

2. For all credit card accounts we obtained:
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
- a. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
 - i. 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

September 25, 2019

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OHIO AUDITOR OF STATE
KEITH FABER



HARRISON COUNTY SOIL AND WATER CONSERVATION DISTRICT

HARRISON 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
OCTOBER 15, 2019**