



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Erie Soil and Water Conservation District
Erie County
2900 Columbus Avenue, Room 131
Sandusky, Ohio 44870-5554

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of Erie Soil and Water Conservation District, Erie 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, 2013 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, 2013 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 to the corresponding *Fund Cash Balances* on page 3B of the Reports. The amounts did not agree for 2015. The January 1, 2015 cash balance listed in the Balance Sheet Report was \$160,266 while the January 1, 2015 cash balance listed on page 3B of the *Report* was \$160,236, resulting in a variance of \$30. The District should review cash balances entered in the *Report* to help ensure they agree to District accounting records.

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:

Depository Balances, Investments and Fund Balances (Continued)

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 amounts agreed.
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 attempted to agree the January 1 and December 31 fund cash balances reported in the District's Balance Sheet Report to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. The amounts did not agree. The December 31, 2016 fund cash balances listed in the Balance Sheet Report were \$107,978 while the December 31, 2016 *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* were \$107,966, resulting in a variance of \$12. The District should review fund cash balances entered in the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* to help ensure they agree to District accounting records.
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 from the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* to the amount reported in the County's Encumbrance Actual Report. We found no exceptions.
12. 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. The District's certificate of deposit with PNC Bank has a ten year maturity. This is not within the prescribed time limits noted in Ohio Rev. Code. District investments should be limited to time limit provisions prescribed in the Ohio Rev. Code.

Intergovernmental Cash Receipts

We applied the following procedures for the years ended December 31, 2013 through December 31, 2016:

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 DTLs to the total amounts recorded in the respective receipt classification in the Special Fund in the Special Fund – Income/Expense Detail Report. The amounts agreed.

All Other Cash Receipts

We haphazardly selected ten other cash receipts from the year ended December 31, 2016 and five other cash receipts from each of the years ended December 31, 2013 through 2015 recorded in the duplicate cash receipts book and determined whether the:

1. Receipt amount agreed to the amount recorded in the Income/Expense Detail Report. 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 five employees from the year ended December 31, 2016 and one payroll check for two employees for each of the years ended December 31, 2013 through 2015 from the Payroll Transmittal Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Transmittal Report to supporting documentation (timecard, legislatively-approved rate or salary). We found no exceptions.
 - b. We inspected the Special Fund – Income/Expense Detail 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 Special Fund – Income/Expense Detail Report to determine whether the check was classified as *Salaries* and was posted to the proper year. We found no exceptions.
2. For the five employees selected in step 1 from the year ended December 31, 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 (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, 2013 and December 31, 2016, and agreed the computation to the amount paid as recorded in the Payroll Transmittal Report:

Payroll Cash Disbursements (Continued)

- 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

We haphazardly selected five disbursements from the *Special Fund* and five disbursements from the *District Fund* from the Income/Expense Detail 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 December 31, 2013 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 Income/Expense Detail 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 voucher submitted to the County Auditor agreed to the payee name and amount recorded in the Income/Expense Detail Report and 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 District Director 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 District's *Special Fund Budget Request* submitted to the County Commissioners listed \$468,512 as *Income*. However, the *Special Fund Budgetary Activity* footnote of the Cash Basis Annual Financial Report reported \$419,216 for estimated receipts. The Administrative and Fiscal Coordinator should compare amounts submitted to the County Commissioners to amounts reported in the Cash Basis Annual Financial to help ensure the accuracy of the Cash Basis Annual Financial Report.

2016 Special Fund Budgetary Compliance (Continued)

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* (the *Certificate*), required by Ohio Rev. Code Section 5705.36(A)(1), and to the amounts recorded in the County's Encumbrance Actual Report for the *Special Fund*. The *Special Fund Budgetary Activity* footnote in the Cash Basis Annual Report reported total estimated receipts of \$419,216. However, the Encumbrance Actual Report recorded budgeted estimated receipts for the *Special Fund* of \$468,512, while the *Certificate* reflected \$449,216. The District should request the County Auditor to compare amounts recorded in the in the Encumbrance Actual Report to amounts recorded on the *Certificate* to ensure they agree. If the amounts do not agree, the Board may be using inaccurate information for budgeting and monitoring purposes. Additionally, the Administrative and Fiscal Coordinator should ensure authorized estimated receipts included in the *Certificate* are entered to the District's Cash Basis Annual Financial Report to help ensure accurate financial reporting.
3. We inspected the appropriation measures to determine whether the Board 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 County's Encumbrance Actual 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.
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. Special Fund appropriations for 2016 exceeded estimated resources by \$15,477, contrary to the aforementioned Ohio Rev. Code Sections. The Board should not pass appropriations exceeding estimated resources. Allowing this to occur could cause the District to incur fund balance deficits.
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 compared interfund transfers-in to transfers-out to ensure they agreed and inspected the transfer activity to determine they were approved by the Board. We noted that transfers-in did not agree to transfers-out due to the Administrative and Fiscal Coordinator recording \$10,000 of transfers-in to the local government receipt code in the Special Fund. The Administrative and Fiscal Coordinator should review account code posting to help ensure transfers-in equal transfers-out.
8. 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 Income/Expense Detail Report for the year ended December 31, 2016 to determine if the District purchased equipment and services allowed by Ohio Rev. Code Section 1515.09 or purchased goods or services allowed by Ohio Rev. Code Section 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 its financial information within the allotted timeframe for the year ended December 31, 2016.

This report is for the use of the District to assist in evaluating its receipts, disbursements and balances recorded in its cash-basis accounting records for the years ended December 31, 2013 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 "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

May 17, 2017



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ERIE COUNTY SOIL AND WATER CONSERVATION DISTRICT

ERIE 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
JUNE 6, 2017**