



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Fulton Soil and Water Conservation District  
Fulton County  
8770 State Route 108, Suite B  
Wauseon, Ohio 43567

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Fulton Soil and Water Conservation District, Fulton 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 except for the following: The December 31, 2013 fund cash balances for the District and The CREP Funds were \$331,708.81 and \$134,736.70 on page 3B. On page 2, these amounts were listed at \$335,068.81 and \$131,376.70. This was due to the District moving \$3,360 from the CREP fund ending balance to the District Fund without recording transfer between these funds in 2013. The District should implement procedures to ensure that all information contained in the annual financial report is accurate and agrees to the District's financial records.
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 except for the following: Total disbursements per Other Financing Uses for the Special Fund on pages 3A and 3B for 2014 and 2015 were \$401,559.99 and \$484, 252.14. No amounts for Disbursements were reported on page 4 for 2014 and 2015. The District should report all budgetary activity, including actual disbursements, on page 4 of the annual financial report.
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, except for in 2014, the Receipts plus Other Financing Sources for the Special Fund were \$441,617.92. The Actual Receipts on page 5 were \$441,517.92. The District should implement procedures to ensure that all information contained in the annual financial report is accurate and agrees to the District's financial records

4. We recalculated 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 General Ledger to the corresponding *Fund Cash Balances* on page 3B of the Reports. The amounts agreed.

We also applied the following procedures to the 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 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 agreed the January 1 and December 31 fund cash balances reported in the District's income statement to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. The amounts agreed.
10. We observed the December 31 balances for the District Fund on the financial institution's website. The balances agreed.
11. We compared the December 31, 2016 Special Fund depository balance from the *Report* to the amount reported in the Statement of Cash Position. 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 found 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:

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 Account Transaction Ledger to the total amounts recorded in the respective receipt classification in the Special Fund in the account transaction ledger. The amounts agreed except for the total of the receipts from the State distribution transaction list for 2016 was \$144,811. The total of the receipts from the County Auditor's account ledger in the Special fund was \$143,611. A payment of \$1,200 listed on the State DTL was not included on the County Auditor's account transaction ledger. For 2015, receipts totaling \$44,658 recorded in the County Auditor's account transaction ledger were not included in the State DTL.

### All Other Cash Receipts

We haphazardly selected 10 other cash receipts from the year ended December 31, 2016 and five other cash receipts from each of the years ended December 31, 2012 through 2015 recorded in the duplicate cash receipts book and:

1. Receipt amount agreed to the amount recorded in the account transaction ledger. 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 funds, 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 2016 and one payroll check for two employees for each of the years ended December 31, 2012 through 2015 from the employee register and:
  - a. We compared the hours and pay rate, or salary recorded in the employee register for pay period to supporting documentation timesheet and legislatively approved rate. We found no exceptions.
  - b. We inspected the employee register to determine whether salaries and benefits were paid only from the *Special Fund*, as required by the SWCD Administrative Handbook Chapter 5. We found the following exceptions: Salaries were paid from the District Fund in 2014, \$2,500, 2015, \$3,000 and in 2016, \$3,000. All salaries should be paid from the Special Fund. The accounting system was adjusted to correct these errors. We recommend the Special fund reimburse the District fund for these amounts.
  - c. We inspected the employee register for pay period to determine whether the check was classified as *salaries* and whether the payment was posted to the proper year. We found no exceptions.
2. For the five employees selected in step 1 from 2016, we inspected the following information in the employees' personnel files 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.

### Non-Payroll Cash Disbursements

1. From the account transaction ledger, we re-footed checks recorded as *District Fund* disbursements for *product/materials for resale* for 2016. We found no exceptions.
2. We haphazardly selected five disbursements from the *Special Fund* and five disbursements from the *District Fund* and other funds from the Account Transaction Ledger 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 account transaction 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 district fund voucher submitted to the County Auditor agreed to the payee name and amount recorded in the account transaction detail. We found no exceptions.
    - ii. The names and amounts on the voucher agreed to supporting invoices. We found no exceptions.
    - iii. 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 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 *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), and to the amounts recorded in the Revenue Report for the Special Fund. The District did not complete a *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* or an *Amended Official Certificate of Estimated Resources*. The fiscal officer should prepare a *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* so they would receive an *Amended Official Certificate of Estimated Resources*.
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 expense report with encumbrance detail 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 \$108,784, contrary to the aforementioned Ohio Rev. Code Sections. The Supervisors 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 Expense Report with Encumbrance Detail. Expenditures did not exceed appropriations for the Special Fund.
7. We inspected the Statement of Cash Position 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 cash disbursements journal 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. 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 year ended December 31, 2016 in the Hinkle system. There were no exceptions.

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 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, 2012 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 initial "D".

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 17, 2017





# Dave Yost • Auditor of State

**FULTON COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**FULTON 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  
NOVEMBER 14, 2017**