



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Putnam County Soil and Water Conservation District
Putnam County
1206 East Second Street
Ottawa, Ohio 45875-2069

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Putnam County Soil and Water Conservation District (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 except for:
 - a. For years ended December 31, 2013 and 2014, the Change Fund, in the amounts of \$69 and \$35, respectively, were included in total balances reported (depository balance net of cash on hand and outstanding checks) but not included in the amount reported for the total fund balance, due to not tracking this fund's activity on the District's financial ledgers.
 - b. For the year ended December 31, 2015, the total balances reported (depository balance net of cash on hand and outstanding checks) was \$784,855 compared to the amount reported as total fund balance of \$588,622 for a difference of \$196,233. The Change Fund amount of \$56 and the depository balances of the District's money market and certificate of deposit accounts in the amounts of \$91,458 and \$104,719, respectively, were not included in the amount reported for the total fund balance as of December 31, 2015.

Errors in financial reporting impact the users understanding of the balances and results of operations. The annual reports should be reviewed for accuracy and completeness prior to filing with the Auditor of State.

5. We agreed the January 1 and December 31 fund cash balances reported in the District's General Ledger Report to the corresponding *Fund Cash Balances* on page 3B of the Reports. The amounts agreed except for the following:
 - a. As of January 1, 2013, the District Fund balance per the General Ledger was \$333,768 while the District Fund balance per page 3B was \$334,487, for a difference of \$719. The January 1, 2013 District Fund balance on page 3B of the Cash Basis Annual Financial Report included interest earned in 2012 but not posted to the District's financial ledgers until March 2013.
 - b. As of December 2013, the District Fund balance per the General Ledger was \$349,104 while the balance per page 3B was \$349,174 for a difference of \$70. The December 31, 2013 District Fund balance on page 3B of the Cash Basis Annual Financial Report included interest earned in 2013 but not posted to the District's financial ledgers until 2014.
 - c. As of January 1, 2014, the District Fund balance per the General Ledger was \$349,104 while the District Fund balance per page 3B was \$350,535 for a difference of \$1,431. The January 1, 2014 District Fund Balance on page 3B of the Cash Basis Annual Financial Report did not include \$1,361 of checks that were written in 2013 and not cashed until 2014 or \$70 in interest earned in 2013 but not posted to the District's financial ledgers until 2014.
 - d. As of January 1, 2015, the District Fund balance per the General Ledger was \$364,118 while the District Fund balance per page 3B was \$134,702 for a difference of \$229,416. The January 1, 2015 District Fund balance on page 3B of the Cash Basis Annual Financial Report did not include the District's money market and certificate of deposit accounts in the amounts of \$91,449 and \$137,967, respectively.
 - e. As of December 31, 2015, the District Fund balance per the General Ledger was \$561,544 while the District Fund balance per page 3B was \$365,367 for a difference of \$196,177. The December 31, 2015 District Fund Balance on page 3B of the Cash Basis Annual Financial Report did not include the District's money market and certificate of deposit accounts in the amounts of \$91,458 and \$104,719, respectively.

The District's year-end and beginning fund balances from its General Ledger should agree to the District's Reports and the balances of all funds on hand should be included on the Report. We recommend the Board establish policies and procedures regarding a review of the annual financial report.

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:

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 General Ledger Report to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. The amounts agreed with the exception of the following:
 - a. As of January 1, 2016, the District Fund balance per the General Ledger was \$561,544 while the District Fund balance per the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* was \$561,600, for a difference of \$56. The January, 2016 District Fund general ledger cash balance did not include the change fund amount of \$56.
 - b. As of December 31, 2016, the District Fund balance per the General Ledger was \$534,240 while the District Fund balance per the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* was \$534,322 for a difference of \$82. The December 31, 2016 District Fund general ledger cash balance did not include the change fund amount of \$82.

The change fund should be included on the District's financial ledgers at the approved amount and not just the remaining cash on hand. We recommend the District record the change fund balance at the approved amount on the District's financial ledgers.

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 *Report* to the amount reported in the County's YTD Fund Report. 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 noted 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, 2013 through December 31, 2016:

- 1 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 Vendor Appropriation History Report to the total

amounts recorded in the respective receipt classification in the Special Fund in the General Ledger Report. The amounts agreed.

- 2 We haphazardly selected five other confirmable receipts from the year ended December 31, 2016 and three other confirmable receipts from each of the years ended December 31 2013 through 2015 in the General Ledger Report from funds other than the *Special Fund* such as grants, municipal and township funds.
 - a) We inspected amounts paid from the Ohio Department of Natural Resources to the District during 2013, 2014, and 2016. We found no exceptions.
 - i. We agreed to supporting documentation the amounts paid from the Ohio Department of Natural Resources to the District. We found no exceptions.
 - ii. We inspected the General Ledger Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - b) We inspected amounts paid from United States Department of Agriculture (USDA) to the District during 2014 and 2015. We found no exceptions.
 - i. We agreed to supporting documentation amounts paid from USDA to the District. We found no exceptions.
 - ii. We inspected the General Ledger Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - c) We inspected amounts paid from Ohio Environmental Protection Agency to the District during 2015 and 2016. We found no exceptions.
 - i. We agreed to supporting documentation amounts paid from the United States Environmental Protection Agency to the District. We found no exceptions.
 - ii. We inspected the General Ledger Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - d) We inspected amounts paid from Great Lakes Commission to the District during 2016. We found no exceptions.
 - i. We agreed to supporting documentation amounts paid from Great Lakes Commission to the District. We found no exceptions.
 - ii. We inspected the General Ledger Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.

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 2013 through 2015 recorded in the duplicate cash receipts book and determined whether the:

1. Receipt amount agreed to the amount recorded in the General Ledger Report. The amounts agreed.
2. Amount charged complied with rates in force during the period, if applicable. We found three receipts for geotextile fabric in 2016, the sale of marking flags in 2015, and technical assistance in 2013 for which we could not determine the proper rates were charged due to the lack of sufficient detailed supporting records. We recommend the Office Assistant track all sales of marking flags and geotextile fabric by customer, type, and quantity ordered and the price charged

to the customer be approved by the Board and documented in the Board minutes. We also recommend the Board approves and retains a signed contract on file for technical assistance.

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 each employee from 2016 and one payroll check for two employees for each of the years ended December 31, 2013 through 2015 from the Employee Pay History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Pay History Report to supporting documentation (timecard or legislatively approved rate or salary). We found no exceptions.
 - b. We inspected the Employee Pay History 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 Pay History Report to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.
2. For the four employees selected in step 1 from 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.

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 Employee Detail Adjustment Report:
 - 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* and other funds from the General Ledger Report 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 2013 through 2015 and determined whether:

- a. The disbursements were for a proper public purpose. We noted one instance in 2016 where the District's total amount paid included sales tax of \$29. We recommend the District review vendor invoices prior to issuing payment and ensure their tax exempt status is being used. However, because we did not inspect all non-payroll disbursements, our report provides no assurance regarding whether or not other similar errors occurred. We found no other 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 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 and invoice submitted to the County Auditor agreed to the payee name and amount recorded in the General Ledger Report and County Ledgers. We found no exceptions.
 - ii. The names and amounts on the voucher agreed to supporting invoices. We found no exceptions.
 - iii. The voucher and invoice was signed by the District's Fiscal Agent and approved by a majority of the Board of Supervisors. We noted one instance in 2013 where the voucher was not approved by the District's Fiscal Agent. We recommend the District's vouchers be approved by the Fiscal Agent prior to issuing payment. However, because we did not inspect all non-payroll disbursements, our report provides no assurance regarding whether or not other similar errors occurred. We found no other 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. Estimated receipts per the Special Fund Budget Request were \$279,000 and the amount per the Special Fund Budgetary Activity footnote was \$268,000. The District Administrator and/or Fiscal Agent should review the Report to determine the accuracy of the amounts reported for the Special Fund Budgetary Activity footnote prior to filing with the Auditor of State.
2. We attempted to compare 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 History Report for the Special Fund. The District did not file a *Certificate of the Total Amount From All Sources Available For Expenditures and Balances* with the Putnam County Auditor contrary to the aforementioned Ohio Rev. Code Section. We noted the Board did approve a Revenue Budget as part of the District's 2016 budget and submitted it to the County Auditor. The Revenue History Report and Revenue Budget recorded budgeted (i.e. certified) resources for the Special fund of \$279,000 for 2016. However, the Special Fund Budgetary Activity Footnote reflected \$268,000. Estimated receipts reported on the Special Fund Budgetary Activity footnote should agree to the amount approved by the Board and recorded in the Revenue History Report. The District Administrator or Board of Supervisors should periodically compare the budgetary amounts recorded in the Revenue History Report to the estimated receipts approved by the Board and to the Certificate of Total Amount from All Sources Available for Expenditures and Balances, Official Certificate of Estimated Resources, and any Amended Certificates 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 County's Appropriation History 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 \$30,000, contrary to the aforementioned Ohio Rev. Code Sections. The Board of Supervisors should not pass appropriations exceeding estimated resources. Allowing this to occur could cause the District to incur fund balance deficits.
7. 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 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 General Ledger Report 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 these 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, 2016 and 2015 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 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, 2016 and 2015, 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" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

Columbus, Ohio

September 25, 2017



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PUTNAM COUNTY SOIL AND WATER CONSERVATION DISTRICT

PUTNAM 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 12, 2017**