



OHIO 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, Suite 2
Ottawa, Ohio 45875-2069

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

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 aside from the January 1, 2017 beginning fund balances recorded in the District's General Ledger totaled \$723,419, while the December 31, 2016 balances in the prior year Agreed-Upon Procedures working papers totaled \$723,501, for a difference of \$82. The January 1, 2017 District Fund General Ledger balance did not include the change fund amount of \$82. Failing to include the change fund resulted in an understatement of District fund balances on the General Ledger. The change fund should be included on the District's General Ledger at the correct amount.

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 and SHARP 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 and SHARP Fund. The amounts agreed with the exception of the following:
 - a. As of December 31, 2018, the District Fund balance recorded on the District's bank reconciliation was \$564,372, while the balance in the General Ledger was \$564,308, for a difference of \$64. The December 31, 2018 General Ledger cash balance did not include the change fund amount of \$64.
 - b. As of December 31, 2017, the District Fund balance recorded on the District's bank reconciliation was \$573,326, while the balance in the General Ledger was \$573,266, for a difference of \$60. The December 31, 2017 General Ledger cash balance did not include the change fund amount of \$60.

Failing to include the change funds resulted in the understatement of District fund balances. The change fund should be included on the District's General Ledger at the correct amount.

4. We confirmed the December 31, 2018 bank account depository balances for the District Fund and SHARP Fund with the District's financial institutions. 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 Fund Report. We found no exceptions.
6. We selected all reconciling debits (such as outstanding checks) on the December 31, 2018 bank reconciliation:
 - 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 to the check register, to determine the debits were dated prior to December 31. There were no exceptions.
7. We inspected investments held at December 31, 2018 and December 31, 2017 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, 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 Auditor's Expenditure History Report to the total amounts recorded in the respective receipt classification in the Special Fund in the General Ledger. We noted one 2018 receipt for \$8,000 from the State DTL recorded in an all other revenue line item in the Special Fund that should have been recorded in the state government line item. This resulted in understating state government receipts. To help ensure the District's transaction postings are

accurate, the District should adopt policies and procedures, which include periodic reviews of the General Ledger.

2. We selected a sample (agreed upon) of five other confirmable receipts from the year ended December 31, 2018 and five other confirmable receipts from the year ended December 31, 2017 in the General Ledger from funds other than the *Special Fund* such as grants, municipal and district funds.
 - a. We inspected the amounts paid from the Ohio Environmental Protection Agency (EPA) to the District during 2018 and 2017. We found no exceptions.
 - i. We agreed to remittance statements the amounts paid from the EPA to the District. We found no exceptions.
 - ii. We inspected the General Ledger to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We inspected the amounts paid from the United States Department of Agriculture (USDA) to the District during 2018 and 2017. We found no exceptions.
 - i. We agreed to remittance statements the amounts paid from USDA to the District. We found no exceptions.
 - ii. We inspected the General Ledger to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the amounts paid from the Great Lakes Commission to the District during 2018 and 2017. We found no exceptions.
 - i. We agreed to remittance statements the amounts paid from Great Lakes Commission to the District. We found no exceptions.
 - ii. We inspected the General Ledger to determine whether these receipts were allocated to the proper funds. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for the four employees from 2017 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 and 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 Employee 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 any new employees selected in procedure 1, 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 procedures a. – e. above.

3. We selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Pay History 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

1. From the General Ledger, we re-footed checks recorded as *District Fund* disbursements for information/education and products/material for resale for 2018. We found no exceptions.
2. 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 General Ledger 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 December 31, 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found one instance in 2018 where the District's total amount paid included sales tax of \$63. The District should 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 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 summary list submitted to the County Auditor agreed to the payee name and amount recorded in the General Ledger 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 summary list 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 requests 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 for 2018. Estimated receipts per the Special Fund Budget Request were \$176,500 for 2017, and the amount per the Special Fund Budgetary Activity footnote was \$300,050 for 2017. The District fiscal officer 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 General Ledger for the Special Fund for the years ended December 31, 2018 and 2017. 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 for 2018 and 2017. We noted the District did file a Special Fund Revenue Budget with the County Auditor for 2018 and 2017. The amounts agreed for 2018. However, for 2017, estimated receipts reported in the Special Fund Revenue Budget and the County Revenue History Report were \$176,500 while the Special Fund Budgetary Activity footnote reported estimated receipts of \$300,050. The fiscal officer should periodically compare amounts recorded in the Revenue History Report to amounts recorded on the *Certificate of the Total Amount From All Sources Available for Expenditures and Balances*.
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 Appropriation History 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.
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. Special Fund appropriations for 2018 and 2017 exceeded estimated resources by \$27,100 and \$7,950, respectively, 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 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 compared interfund transfers-in to transfers-out to ensure they agreed and inspected the transfer activity to determine they were approved by the Board of Supervisors. The District incorrectly posted \$3,260 to the transfers-in line item in the SHARP Fund in 2017. This amount was received from another organization to establish the SHARP Fund on the books of the District and should not have been posted to the transfer-in line item. The fiscal officer should review transfers-in and transfers-out to assure the amounts agree and were approved by the Board. If the amounts do not agree, the transactions should be reviewed for proper posting, with the appropriate corrections made.
8. 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 (l) 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.

Compliance – Contracts and Expenditures

We inquired of management and inspected the General Ledger 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.

We selected 3 credit card transactions 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.

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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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

August 13, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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
AUGUST 27, 2019**