



**MARION SOIL AND WATER CONSERVATION DISTRICT
MARION COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2012 THROUGH 2016



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Marion Soil and Water Conservation District
Marion County
1100 East Center Street
Marion, Ohio 43302

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Marion 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, 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. We noted for each year, the amounts on pages 3A and 3B of the Reports footed and cross-footed. We further noted for 2012, 2013, and 2015, variances of \$140 between the *Fund Cash Balances, December 31* on page 3B of the Reports and the *Fund Balances* on page 2 due to cash on hand being erroneously excluded from the balances on page 3B. We lastly noted for 2014, a variance of \$17,757 between the *Fund Cash Balances, December 31* on page 3B of the Reports and the *Fund Balances* on page 2 due to: 1) cash on hand of \$140 being erroneously excluded from the balances on page 3B; 2) the double booking of interest on page 3B (\$1,773); and 3) a balance for the closed Lake Erie Crep fund being erroneously included on page 3B (\$16,124).
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 2014 where the *Disbursements plus Other Financing Uses* on pages 3A and 3B (\$128,578) exceeded Disbursements reported on page 4 (\$108,234).
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 in 2014 where the *Receipts plus Other Financing Sources* on pages 3A and 3B (\$135,867) exceeded Actual Receipts reported on page 5 (\$101,156).
4. We recomputed the mathematical accuracy of the reconciliation on page 2. We found no exceptions.

Depository Balances, Investments and Fund Balances (Continued)

5. We agreed the January 1 and December 31 fund cash balances reported in the District's Income Statement and Marion County Fund History Report to the corresponding *Fund Cash Balances* on page 3B of the Reports. As noted in Step 1 above, we noted for 2012, 2013, 2014, and 2015, variances of \$140 between the *Fund Cash Balances, January 1* and *December 31* on page 3B of the Reports and the fund cash balances reported in the District's Income Statement and Marion County Fund History Report due to cash on hand being erroneously excluded from the balances on page 3B. We further noted for 2014, a variance of \$17,757 between the *Fund Cash Balances, December 31* on page 3B of the Reports and the fund cash balances reported in the District's Income Statement and Marion County Fund History Report due to: 1) as noted above, cash on hand of \$140 being erroneously excluded from the balances on page 3B; 2) the double booking of interest on page 3B (\$1,773); and 3) a balance for the closed Lake Erie Crep fund being erroneously included on page 3B (\$16,124).

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 Income Statement to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. We noted the January 1 and December 31 fund cash balances reported in the District's Income Statement were both \$5,500 greater than those reported on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* due to the District erroneously excluding \$5,500 in certificates of deposits from those balances on the *Statement*.
10. We observed the December 31 balance(s) for the District Fund and District Savings 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 Marion County YTD Fund History. 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. We noted no exceptions.

Intergovernmental Receipts

We applied the following procedure 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 Marion County Appropriation History Report to the total amounts recorded in the respective receipt classification in the Special Fund in the Marion County Revenue History Report and District Fund in the District Income Journal. The amounts agreed.

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 2012 through 2015 recorded in the duplicate cash receipts book and determined whether the:

1. Receipt amount agreed to the amount recorded in the District Income Journal. 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(s), and was recorded in the proper year. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for all employees from 2016 and one payroll check for two employees for each of the years ended December 31, 2012 through 2015 from the Marion County Appropriation History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Marion County Gross Earnings Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the Marion County Appropriation 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 Marion County Appropriation History Report to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.
2. For all the 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 & 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 Expenditure Ledger, we re-footed checks recorded as *District Fund* disbursements for *equipment* and *annual meeting/banquet* 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 Marion County Appropriation History Report and the District Expenditure 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 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 *District Fund* Expenditure Ledger and to the names and amounts on the supporting invoices. We noted for check number 1617 in the amount of \$116.90 to Fuzzy's Flowers on 12/14/16, the District did not maintain an invoice to support the expenditure. Because we did not inspect all *District Fund* disbursements, our report provides no assurance whether or not additional similar errors occurred.
 - 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 Marion County Appropriation 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 found three instances where the voucher was not signed by the fiscal officer and/or approved by a majority of the Board of Supervisors. Because we did not inspect all *Special Fund* disbursements, our report provides no assurance whether or not additional similar errors occurred.

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 on the Special Fund Budget Request agreed to the amounts on the Special Fund Budgetary Activity footnote, except for estimated receipts. The Special Fund Budgetary Activity footnote reported estimated receipts of \$160,149. However, the Special Fund Budget Request reflected \$160,000.
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 History Report for the Special Fund. The amounts agreed.
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.

2016 Special Fund Budgetary Compliance (Continued)

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, 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. Appropriations did not exceed estimated resources for the Special Fund.
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 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 & Expenditures

We inquired of management and inspected the Expenditure Ledger 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 refile 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.

Marion Soil and Water Conservation District
Marion County
Independent Accountants' Report on
Applying Agreed-Upon Procedures
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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, 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

September 18, 2017



Dave Yost • Auditor of State

MARION COUNTY SOIL AND WATER CONSERVATION DISTRICT

MARION 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 24, 2017**