



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Medina County Soil and Water Conservation District
Medina County
6090 Wedgewood Road
Medina, Ohio 44256

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Medina 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, 2012 through 2015, 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. 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*. 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 Report) 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 the *Fund Cash Balances, December 31, 2015* on page 3B of the Report for the District Fund and Special Fund were \$221,468 and \$11,723, respectively, while the *Fund Balances* on page 2 of the Report were \$222,086 and \$9,723, respectively. The *Fund Balances* on page 2 appear to be the correct fund balances. The District should exercise due care when preparing the Reports to ensure receipts, disbursements, and fund balances are properly reported.
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 2013 amounts did not agree. *Receipts and Other Financing Sources* on pages 3A and 3B of the Reports were \$228,616 and *Actual Receipts* reported on page 5 of the Report were \$223,730. The District should ensure amounts agree when preparing reports.
4. We tested 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 Balance Sheet to the corresponding *Fund Cash Balances* on page 3B of the Reports. We noted the December 31, 2011 fund cash balances reported in the District's Balance Sheet for the District Fund, UA Tech Park Fund, and CREP Funds were \$207,046, \$14,435, and \$38,979, respectively, while the *Fund Cash Balances* on page 3B of the Report for January 1, 2012 were \$56,900, \$38,980, and \$14,438, respectively. We also noted the December 31, 2013 fund cash balance reported in the District's Balance Sheet for the Special Fund was \$18,383 while the *Fund Cash Balance* on page 3B of the Report was \$18,262. The District should ensure amounts agree when preparing reports.

We also applied the following procedures to the *Subtotals* and *Totals* reported on page 2 of the December 31, 2015 Report:

6. We confirmed the December 31 bank account depository balances for the District Fund and the UA Tech Park Fund with the District's financial institution. The balances agreed.
7. We compared the December 31 Special Fund depository balance and the Capital Improvement Fund depository balance from the Report to the amount reported in the County Monthly Financial Report. We found no exceptions.
8. 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 Totals on the Report. We found no exceptions.
 - b. We traced two checks to the subsequent January and February bank statements. We traced one check to the February bank stop payment order, and two checks were voided in April. 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.
9. We tested investments held at December 31 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, 2015:

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 Transaction History Reports to the total amounts recorded in the respective receipt classification in the Special Fund in the Annual Financial Reports. We found two receipts totaling \$24,071 in 2012 recorded as State Government revenue that should have been recorded as Local Government revenue. The District should exercise due care when recording receipts to ensure accurate financial reporting. We noted no other exceptions.

Intergovernmental and Other Confirmable Cash Receipts (Continued)

2. We haphazardly selected three other confirmable receipts from the year ended December 31, 2013 and three other confirmable receipts from the year ended December 31, 2012 in the General Ledger from funds other than the Special Fund such as grants, municipal and township funds. We found no exceptions.
 - a. We agreed to supporting documentation the amounts paid from the municipalities and townships to the District. We found no exceptions.
 - b. We determined whether these receipts were allocated to the proper fund. We found no exceptions.

All Other Cash Receipts

We haphazardly selected 10 other cash receipts from the year ended December 31, 2015 and five other cash receipts from each of the years ended 2012 through 2014 recorded in the duplicate cash receipts book and determined whether the:

1. Receipt amount agreed to the amount recorded in the General 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 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 2015 and one payroll check for two employees for each of the years ended December 31, 2012 through 2014 from the Payroll Transaction Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Transaction Report to supporting documentation (timecard and Board-approved rate). We found no exceptions.
 - b. We determined whether salaries and benefits were paid only from the Special Fund, as required by the SWCD Administrative Handbook Chapter 5. We noted no exceptions.
 - c. We determined whether the check was classified as salaries. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For the five employees tested in step 1 from 2015, we determined whether the following information in the employees' personnel file 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.

Payroll Cash Disbursements (Continued)

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) occurring between January 1, 2012 and December 31, 2015, and agreed the computation to the amount paid as recorded in the Expense Detail Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The District's payout policy.

We noted the employee was a rehired retiree and the vacation leave was accrued at a rate higher than the standard accrual rate for new employees, which is permissible when approved by the Board. However, no Board approval was noted. The Board should approve leave rates for all rehired retirees in accordance with the District's Personnel Manual. The amount paid was otherwise consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected five disbursements from the Special Fund and five disbursements from the District Fund and other funds from the Check Register for the year ended December 31, 2015, two from the Special Fund for each of the years ended 2013 and 2014, and three from the District Fund and other funds for each of the years ended 2012 through 2014. We noted no nonpayroll disbursements from the Special Fund in 2012. We 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 Check Register 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 Check Register and County Expense Detail 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 no exceptions.

2015 Special Fund Budgetary Compliance

1. We read the District's Special Fund Budget Request submitted to the County Commissioners. We noted 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 plus amendments to the budgetary schedules on pages 4 and 5 of the *Annual Financial Report*. The amounts agreed.
2. We compared the total estimated receipts reported on Page 5 of the Report to the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), and to the amounts recorded in the Medina County Budgetary Summary for the Special Fund. The amounts agreed.

2015 Special Fund Budgetary Compliance (Continued)

3. We scanned 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 Budget Report for the Special Fund, and to the appropriations reported on Page 4 of the Report. The amounts agreed.
5. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.28(B)(2)(C) prohibit appropriations from exceeding estimated revenue. We compared total appropriations to total estimated revenue for the Special Fund for the year ended December 31, 2015. We noted appropriations did not exceed estimated revenues 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, 2015 for the "Special" Fund, as recorded in the *Annual Financial Report*. We noted expenditures did not exceed appropriations for the Special Fund.
7. We determined that interfund transfers-in equaled transfers-out and were approved by the Board of Supervisors. We found no exceptions.
8. We scanned the *Annual Financial Report* for the year ended December 31, 2015 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. We noted no funds having a negative cash fund balance.

2015 Compliance – Contracts & Expenditures

We inquired of management and scanned the Check Register for the year ended December 31, 2015 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. We noted no purchases exceeding \$50,000.

2015 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 their financial information within the allotted timeframe for the year ended December 31, 2015.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, the Board, and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.

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

January 9, 2017



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MEDINA COUNTY SOIL AND WATER CONSERVATION DISTRICT

MEDINA 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
JANUARY 31, 2017**