



Dave Yost • Auditor of State





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

Lorain County Soil and Water Conservation District  
Lorain County  
42110 Russia Road  
Elyria, Ohio 44035

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Lorain 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 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 the Fund Cash Balances for December 31, 2013 on page 3B of the Report included incorrect amounts for beginning fund cash balances for the STAROhio Savings Fund, STAROhio Scholarship fund, and the LorMet Credit Union fund resulting in incorrect ending fund balances. Ending fund balances on page 3B were \$42.58, \$7.30, and \$0.04 respectively. Fund balances on page 2 appear to be the correct balances of \$109,167.12, \$18,755, and \$56.62, respectively. All other amounts agreed. The District should exercise due care when preparing the Reports to ensure 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 did not agree. Page 4 was not completed. The District should exercise due care when preparing the Reports to ensure all pages of reports are completed and Disbursements and Other Financing Uses are properly reported.
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 did not agree. Page 5 was not completed. The District should exercise due care when preparing the Reports to ensure all pages of reports are completed and Receipts and Other Financing Uses are properly reported.

**Depository Balances, Investments and Fund Balances (Continued)**

4. We recomputed the mathematical accuracy of the reconciliation on page 2. The 2015 reconciliation included \$200 for petty cash twice which resulted in an overstatement of the ending balance in the same amount. No other exceptions were noted. The District should exercise due care when preparing the Reports to ensure they are mathematically accurate.
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 *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 Disbursements plus Other Financing Uses* for the Special Fund on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* totaled \$109,602 while the Budgetary Expenditures in the Special Fund Budgetary Activity footnote reported \$128,220. The District should exercise due care when preparing the footnotes to ensure disbursements are properly reported.
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 Receipts plus Other Financing Sources* for the Special Fund on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* reported \$122,187 while the Actual Receipts in the Special Fund Budgetary Activity footnote reported \$128,220. The District should exercise due care when preparing the footnotes to ensure receipts are properly reported.
9. We agreed the January 1 and December 31 fund cash balances reported in the General Ledger and the Reconciliation Summary Reports, respectively, to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. The amounts agreed.
10. We confirmed the December 31, 2016 bank account depository balances for the District Fund, the LORMET Credit Union Fund, StarOHIO Savings Fund, and StarOHIO Scholarship 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 Lorain County General Ledger Report. We found no exceptions.

### **Depository Balances, Investments and Fund Balances (Continued)**

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. The Soil & Water Conservation District maintains an account with a Credit Union which is not a type of depository authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. The District should ensure that all monies are deposited with authorized depositories in compliance with Ohio Revised Code.
  
  - 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:

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 General Ledger Report to the total amounts recorded in the respective receipt classification in the Special Fund in the Annual Financial Reports. The amounts agreed.
  
2. We inspected the amounts paid from the Ohio Department of Natural Resources to the District during 2015.
  - a. We agreed to supporting documentation the amounts paid from to the District. We found no exceptions.
  - b. We inspected the General Ledger Report to determine whether these receipts were allocated to the proper fund(s). 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 2012 through 2015 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the General Ledger Report. The amounts agreed.
  
- b. Amount charged complied with rates in force during the period, if applicable. We found no exceptions.
  
- c. 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 five employees from 2016 and one payroll check for two employees for each of the years ended December 31, 2012 through 2015 from the ADP Payroll Register Report and:
  - a. We compared the hours and pay rate, or salary recorded in the ADP Payroll Register Report to the pay rate approved in the minutes. We found no exceptions.
  - b. We inspected the ADP Payroll Register 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 ADP Payroll Register Report to determine whether the check was classified as *salaries* and 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 & 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.

3. We haphazardly selected and recomputed one termination payment (unused vacation) occurring between January 1, 2012 and December 31, 2016, and agreed the computation to the amount paid as recorded in the ADP Payroll Register:
  - 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 Bills to be Paid Listing 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. The District reimbursed the Chairman of the Board \$156 for car rental and \$37 for a gasoline purchase on dates outside of the 2014 Annual Meeting days. These reimbursements are not considered a proper public purpose. The Board should also ensure adequate internal controls are in place to ensure disbursements are for a proper public purpose.
- 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 Bills to be Paid Listing 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.

### Non-Payroll Cash Disbursements (Continued)

- 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 Bills to be Paid and County Check Register 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.

### 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 plus amendments to the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report reported appropriations of \$177,500 while the Lorain County Budget Available Report reported appropriations of \$128,220. The District should exercise due care in reporting appropriations to ensure accurate financial reporting.
2. We compared the total estimated receipts reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial 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 General Ledger for the Special Fund. The Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report reported \$177,500 while the *Amended Official Certificate of Estimated Resources* reported \$122,054. The District should exercise due care in recording budgeted receipts to ensure accurate financial reporting.
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 Lorain County Budget Available 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 Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report reported \$177,500 while the Lorain County Budget Available Report reported \$128,220. The District should exercise due care in reporting appropriations to ensure accurate financial reporting.
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.

### 2016 Special Fund Budgetary Compliance (Continued)

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 Check Registers 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 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 for the use of the District to assist in evaluating 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

January 19, 2018





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LORAIN COUNTY SWCD

LORAIN 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  
FEBRUARY 13, 2018