



Dave Yost • Auditor of State

MUSKINGUM SOIL AND WATER CONSERVATION DISTRICT
MUSKINGUM COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Muskingum Soil and Water Conservation District
Muskingum County
225 Underwood Street, Suite 100
Zanesville, Ohio 43701

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Muskingum Soil and Water Conservation District, Muskingum County, Ohio (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. 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 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. 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 tested the mathematical accuracy of the reconciliation on page 2. We found no exceptions.
5. We agreed the January 1 and December 31 fund cash balances reported in the District's Balance Sheet reports to the corresponding *Fund Cash Balances* on page 3B of the Reports. The amounts in the Special Fund agreed without exception. The amounts reported in the District Fund agreed after adding the reconciling amounts of \$150 in petty cash and the unrecorded interest from the previous month.

Depository Balances, Investments and Fund Balances (Continued)

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 Balance Sheet report to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. For the balance in the District Fund at January 1, 2016, the reports agreed after adding the reconciling amounts of \$150 in petty cash and December 2015 interest of \$17. For the balance in the Special Fund at January 1, 2016, the reports agreed without exception. For the balance in the District Fund at December 31, 2016, the reports agreed after adding the reconciling amounts of \$150 in petty cash and December 2016 interest of \$55. For the balance in the Special Fund at December 31, 2016, the reports agreed without exception.
10. We confirmed the December 31, 2016 bank account depository balances for the District Fund with the District's financial institutions. The balances agreed with the exception of the interest in the amount of \$7,316 that is not added to the District's system until the certificates of deposits mature.
11. We compared the December 31, 2016 Special Fund depository balance from the Report to the amount reported in the Muskingum County Summary 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 one outstanding check to the January 2017 bank statement. The remaining 3 outstanding checks were still outstanding per inquiry with management and examination of January and February 2017 bank statements.
 - 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 tested investments held at December 31, 2016 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14 or 135.144. We found no exceptions
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code §§ 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 Muskingum County Auditor Detail Expense Report, the total of the receipts from the City of Zanesville Detail Expense Transaction Reports, the total of the receipts from the Ohio Department of Natural Resources Voucher Accounting Detail Report, and Federal Grant Award Agreements to the total amounts recorded in the respective receipt classification in the Special Fund in the General Journal Report. The amounts agreed.
- 2 We haphazardly selected three other confirmable receipts from each of the years ended December 31, 2012 and December 31, 2014 in the General Journal Report from funds other than the *Special Fund* such as grants, municipal and township funds. We confirmed the amounts paid from the Ohio Department of Natural Resources and the Muskingum Watershed Conservancy District to the District during 2012 and 2014. We found no exceptions.
 - a. We confirmed or agreed to remittance advices the amounts paid from the Muskingum Watershed Conservation District and the Ohio Department of Natural Resources, respectively, to the District. We found no exceptions.
 - b. We determined 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:

1. Receipt amount agreed to the amount recorded in the Cash Receipts Journal Report. 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 five employees from 2016 and one payroll check for two employees for each of the years ended December 31, 2012 through 2015 from the Payroll Warrant Register Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Warrant Register Report to supporting documentation (timecards and personnel action notices). 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 2016, we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to the check:

Payroll Cash Disbursements (Continued)

- 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, etc.) occurring between January 1, 2012 and December 31, 2016, and agreed the computation to the amount paid as recorded in the Payroll Warrant Register 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 Purchase Journal 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 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 Purchase Journal 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 submitted to the County Auditor agreed to the payee name and amount recorded in the Purchase Journal Report and Muskingum County Detail Expense 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 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, along with other amended requests submitted to the County Auditor's Office to the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The amounts agreed; however, as noted in Step 4 below, amendments to the District's appropriations submitted to the County Auditor's Office totaling \$41,303 were not approved in the same manner as the original appropriation measure.

2016 Special Fund Budgetary Compliance (Continued)

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 § 5705.36(A)(1), and to the amounts recorded in the Muskingum County Detail Revenue Report for the Special Fund. The amounts agreed.
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 § 5705.38(C). We found no exceptions.
4. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Muskingum County Detail Expense Report for the Special Fund, and to the appropriations reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. We noted the District did not approve supplemental appropriations and appropriations totaling \$41,303 in the same manner as the original appropriation was adopted by the Board of Supervisors as required by Ohio Rev. Code § 5705.40. As a result, the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report should reflect appropriations of \$365,462 rather than \$406,765.
5. Ohio Rev. Code §§ 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, 2016. We noted appropriations did not exceed estimated revenues for the Special Fund.
5. Ohio Rev. Code § 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. We noted expenditures did not exceed appropriations for the Special Fund.
7. We scanned the Annual Cash Basis Financial Report for the year ended December 31, 2016 for negative cash fund balances. Ohio Rev. Code § 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.

2016 Compliance – Contracts & Expenditures

We inquired of management and scanned the Purchase Journal Report for the year ended December 31, 2016 to determine if the District purchased equipment and services allowed by Ohio Rev. Code § 1515.09 or purchased goods or services allowed by Ohio Rev. Code § 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.

2016 Other Compliance

Ohio Rev. Code § 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, 2016.

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, those charged with governance, 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, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

April 28, 2017



Dave Yost • Auditor of State

MUSKINGUM COUNTY SOIL AND WATER CONSERVATION DISTRICT

MUSKINGUM 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
MAY 18, 2017**