



OHIO AUDITOR OF STATE
KEITH FABER



GALLIA SOIL AND WATER CONSERVATION DISTRICT
GALLIA COUNTY
DECEMBER 31, 2018 AND 2017

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Gallia Soil and Water Conservation District
Gallia County
111 Jackson Pike, Suite 1569
Gallipolis, Ohio 45631

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors (the Board) and the management of the Gallia Soil and Water Conservation District, Gallia 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 Special Fund and District Fund Balance Sheet Reports to the December 31, 2016 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the District's Special Fund and District Fund Balance Sheet Reports to the December 31, 2017 balances in the District's Special Fund and District Fund Balance Sheet Reports. We found no exceptions.
3. We agreed the totals per the District Fund bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the District's Balance Sheet Report for the District Fund. The amounts agreed.
4. We confirmed the December 31, 2018 bank account depository balances for the District 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 YTD Fund Report for Year 2018. We found no exceptions.

Efficient

Effective

Transparent

Cash and Investments (Continued)

6. We selected the only reconciling debit (such as outstanding checks) from 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 the check to the subsequent January bank statement. We found no exceptions.
 - c. We traced the amount and date to the check register, to determine the debit was 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 §§ 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, 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 DTLs to the total amounts recorded in the respective receipt classification in the Special Fund in the Detail Transactions by Account Report. The amounts agreed.

All Other Cash Receipts

We selected a sample (agreed upon) of 10 other cash receipts from the year ended December 31, 2018 and 10 other cash receipts from the year ended 2017 recorded in the duplicate cash receipts book and:

1. Agreed the receipt amount to the amount recorded in the Detail Transactions by Account Report. The amounts agreed.
2. Confirmed the amount charged complied with rates in force during the period, if applicable. We found no exceptions.
3. Inspected the Detail Transactions by Account Report to determine the receipt was posted to the proper fund, and was recorded in the proper year. We found a receipt for \$17,110 that was posted to the proper fund and in the proper year, however, that same amount was then transferred from the main checking account to the Star Ohio bank account. When transferred between bank accounts, \$17,110 was recorded as a receipt and a disbursement in the District Fund. Transfers between bank accounts do not represent receipts or disbursements. This resulted in an overstatement to the All Other Revenue account and the Equipment Disbursement Account.

Payroll Cash Disbursements

1. We selected one payroll check for all four employees from 2018 and one payroll check for all four employees from 2017 from the Payroll Detail History Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Detail History Report to supporting timecard documentation. We found no exceptions.
 - b. We inspected the Payroll Detail 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.

Payroll Cash Disbursements (Continued)

- c. We inspected the Payroll Detail History Report to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.
2. 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 Payroll Detail Adjustment 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 selected a sample (agreed upon) of five disbursements from the *Special Fund* and five disbursements from the *District Fund* from the Transaction Detail by Account Report 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 2017 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. For *District Fund* 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 Transaction Detail by Account 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 and invoice submitted to the County Auditor agreed to the payee name and amount recorded in the Transaction Detail by Account Report 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 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 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 did not agree for 2018 or for 2017. For 2018, District approved appropriations were \$197,332 and the Budgetary Activity footnote appropriation amount was \$197,867, a variance of \$535. For 2017, the District approved appropriations were \$205,879 and the Budgetary Activity footnote appropriation amount was \$191,899, a variance of \$13,980.

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 Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code § 5705.36(A)(1), and to the amounts recorded in the MTD/YTD Revenue Report by Fund for the Special Fund for the years ended December 31, 2018 and 2017. The amounts agreed for 2017. The MTD/YTD Revenue Report by Fund recorded budgeted (i.e. certified) resources for the Special fund of \$197,867 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$200,070, a variance of \$2,203. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Board of Supervisors may be using inaccurate information for budgeting and monitoring purposes.
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 § 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 MTD/YTD Total Expense Report by Fund 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. For 2018, the MTD/YTD Total Expense Report by Fund reported total appropriations of \$197,720, the District approved appropriations were \$197,332 while the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report reported appropriations of \$197,867. For 2017, the MTD/YTD Total Expense Report by Fund reported total appropriations of \$196,551, the District approved appropriations were \$205,879 while the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report reported appropriations of \$191,899. The difference between the MTD/YTD Total Expense Report by Fund and the District approved appropriations is due to the County approving a year-end amendment which included the Special Fund that was not approved by the District.
5. Ohio Rev. Code §§ 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, 2018 and 2017. Appropriations did not exceed estimated resources for the Special Fund for 2018. Special Fund District approved appropriations for 2017 of \$205,879 exceeded estimated resources of \$202,301 by \$3,578, contrary to the aforementioned Ohio Rev. Code Sections. The Supervisors should not pass appropriations exceeding estimated resources as this may result in the District incurring fund balance deficits.
6. 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, 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 in 2017. Gallia County approves a final amendment for appropriations equal to disbursements plus outstanding year-end encumbrances. However, using District approved appropriations, expenditures exceeded total appropriations by \$388 in 2018, contrary to Ohio Rev. Code § 5705.41(B). The Fiscal Officer should deny payment requests exceeding appropriations. The Fiscal Officer may request the Supervisors to approve increased expenditure levels by increasing appropriations and amending estimated revenue, if necessary, and if resources are available.

Special Fund Budgetary Compliance (Continued)

7. 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 § 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 & Expenditures

We inquired of management and inspected the Transaction Detail by Account Report for the years ended December 31, 2018 and 2017 to determine if the District purchased equipment and services allowed by Ohio Rev. Code § 940.08 or purchased goods or services allowed by Ohio Rev. Code § 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 § 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 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 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.

Gallia Soil and Water Conservation District
Gallia County
Independent Accountants' Report on
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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

July 18, 2019

OHIO AUDITOR OF STATE KEITH FABER



GALLIA COUNTY SOIL AND WATER CONSERVATION DISTRICT

GALLIA 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 13, 2019**