



Dave Yost • Auditor of State





# Dave Yost • Auditor of State

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

Henry County Soil and Water Conservation District  
Henry County  
2260 North Scott Street  
Napoleon, Ohio 43545

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of Henry County Soil and Water Conservation District, Henry 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, 2010 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 Reports) for the fiscal years ending December 31, 2010 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, except in 2010 where the disbursements on page 3A and 3B exceeded disbursements on page 4 by \$273,661.80. We recommend the District report all budgetary activity, including actual disbursements, on page 4 of the annual financial report.
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 for 2014 and 2015. In 2010 and 2013, the receipts on page 3A and 3B exceeded receipts on page 5 by \$307,781.50 and \$380,429.44, respectively. In 2011 and 2012, the receipts on page 3A and 3B were less than receipts on page 5 by \$142,590.07 and \$160,977.42, respectively. We recommend the District report all budgetary activity, including actual receipts, on page 5 of the annual report. We also recommend the District only present actual receipts and not include carryover balances.
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 monthly financial report to the corresponding *Fund Cash Balances* on page 3B of the Reports. The amounts agreed, with three exceptions. On page 3B of the Reports, the District included the SWAT fund on their annual report; however, this fund was not accounted for on the District's books. The ending balance at December 31, 2011 and the beginning balance at January 1, 2012 included a \$5,000 balance in the SWAT Fund in their annual report. We also noted the January 1, 2015 beginning balance in the SWAT Fund was included on the District's monthly financial report, but was not included on page 3B of the Annual Report. We recommend the District account for all fund activity for all of their funds and report said activity on their monthly financial reports. We also recommend fund activity for all funds, even if closed during the fiscal year, are reported on the Annual Report.

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 with the District's financial institutions. The balances agreed.
7. We compared the December 31 Special Fund depository balance from the *Report* to the amount reported in the Auditor's Month-End Balance Statement. 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 each check to the subsequent January bank statement. We found no exceptions.
  - c. We traced the amounts and dates of each check to the Monthly Bill Report, 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, 2010 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 Payment Confirmation to the total amounts recorded in the respective receipt classification in the Special Fund in the Financial Statement Report at 12/31 for the respective year. The amounts agreed, with two exceptions. The County Auditor Payment Confirmation showed the District received \$116,000 in 2014; however, the Financial Statement Report showed the District received \$117,324.25. This refund should have been recorded as Other Revenue, instead of as County Revenue. In 2015, the DTL showed the County received \$111,417 in State assistance. The Financial Statement Report reported \$103,417 in State Match Revenue, and reported the remaining \$8,000, which came from an ODNR WLEB Assistance Grant, as Other Income. This grant should have been reported as State

revenues. We recommend the District report all intergovernmental monies as such, and record any other revenues as Other Income instead of County Revenue. We also verified the total rent and Soil and Water Assessment Tool (SWAT) monies paid into the District's Special Fund to 1099-MISC issued by the USDA, or receipts issued by Henry County upon receipt of these monies into the District's Special Fund. We noted no exceptions.

2. We haphazardly selected five other confirmable receipts from the year ended December 31, 2015 and three other confirmable receipts from each of the years ended December 31 2010 through 2014, if confirmable receipts exceeded 10% of all funds' receipts for the year, in the Cash Receipts Journal from funds other than the *Special Fund* such as grants, municipal and township funds.
  - a. We agreed the amounts paid per supporting documentation, such as check stubs, bank statements, receipts, and letters from outside agencies, from other area governments, as well as the Ohio Department of Natural Resources, to the District. We found no exceptions.
  - b. We determined whether these receipts were allocated to the proper fund. We found no exceptions.

### **Reimbursement Receipts**

We applied the following procedures for the years ended December 31, 2010 through December 31, 2015:

1. We agreed the total of the receipts from the Henry County Auditor, as well as the Fulton and Putnam County Auditors, paid as reimbursement to the District for ditch maintenance. These services are performed by the District, using their labor and equipment, and are reimbursed from the special assessments assessed to landowners on their real estate taxes. We examined 100% of the monies invoiced and received by the District from these counties for the audit period.
  - a. We agreed the amounts paid per supporting documentation, such as invoices and requests for transfer of funds. We found no exceptions.
  - b. We determined whether these receipts were allocated to the proper fund and were recorded in the proper year, based on when the amounts were invoiced. 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 2010 through 2014 recorded in the duplicate cash receipts book and determined whether the:

1. Receipt amount agreed to the amount recorded in the Cash Receipts Journal. The amounts agreed.
2. Amount charged complied with rates in force during the period, if applicable. We found no exceptions, we are required to report.
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, 2010 through 2014 from the Pay Register and:
  - a. We compared the hours and pay rate, or salary recorded in the Pay Register to the legislatively-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 files 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, etc.) occurring between January 1, 2010 and December 31, 2015, and agreed the computation to the amount paid as recorded in the Pay 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

1. We haphazardly selected five disbursements from the *Special Fund* and five disbursements from the *District Fund* and other funds from the Current Bills reports for the year ended December 31, 2015 and two from the *Special Fund* and three from the *District Fund* and other funds for each of the years ended 2010 through 2014 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 Current Bills reports 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 Special Fund Current Bills reports and the County Appropriation History reports. 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 to the budgetary schedules on pages 4 and 5 of the Cash Basis Annual Financial Report. The amounts agreed to the approved amounts, with the exception of budgeted receipts. Budgeted revenues were reported as \$437,600 on the budgetary documents and as \$305,600 on the Annual Report, resulting in a variance of \$127,000. We recommend the District not include the estimated carryover in the total estimated receipts submitted to the County and only include true estimated receipts.
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 Revenue Report for the Special Fund. The estimated receipts on the *Amended Official Certificate of Estimated Resources* exceeded the amount on Page 5 of the Report by \$127,000. Additionally, the amount included on the Revenue Report for the Special Fund obtained from the County exceeded the amount on the *Amended Official Certificate of Estimated Resources* by \$14,417. The Administrative Assistant and Director should remove the estimated carryover balance from the Revenue Worksheet when preparing the District's budget and should note this amount elsewhere, so that it is not included in total estimated receipts for the fund for the year. Additionally, all budgetary modifications on the *Amended Official Certificate of Estimated Resources* should be authorized by the District and should not be made by the County without prior authorization from the District. Lastly, the Administrative Assistant 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 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 Expense 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.
5. 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 Expense 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, 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 negative cash fund balances.

### **2015 Compliance – Contracts and Expenditures**

We inquired of management and scanned the General Ledger 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. However, per review of the information submitted, only the cover page appears on the website. We recommend the District review their annual report submission and make sure it is complete.

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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 19, 2016





# Dave Yost • Auditor of State

**HENRY COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**HENRY 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 10, 2017**