



Dave Yost • Auditor of State





# Dave Yost • Auditor of State

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

Springfield Conservancy District  
Clark County  
515 North Fountain Avenue  
Springfield, Ohio 45504

We have performed the procedures enumerated below, with which the Board of Directors and the management of the Springfield Conservancy 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, 2017 and 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.

### Cash

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balance recorded in the annual financial report to the December 31, 2015 balance in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balance recorded in the annual financial report to the December 31, 2016 balance in the annual financial report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Ledger. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
  - a. We traced each debit to the subsequent January and March bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the Ledger, to determine the debits were dated prior to December 31. There were no exceptions.
6. We traced interbank account transfers occurring in December of 2017 and 2016 to the bank statements to determine if they were properly recorded. We found no exceptions.

**Other Confirmable Cash Receipts**

We confirmed the amounts paid from the City of Springfield to the District during 2017 and 2016.

- We inspected the annual financial reports to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. The prior Agreed-Upon Procedures documentation disclosed no debt outstanding as of December 31, 2015.
2. We inquired of management, and inspected the Ledger for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances or any debt payment activity during 2017 or 2016.

**Payroll Cash Disbursements**

1. We selected the only payroll check for the only employee from 2017 and the only payroll check for the only employee from 2016 from the Ledger and:
  - a. We compared the salary recorded in the Ledger to supporting documentation (legislatively-approved salary in the Minutes). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the Ledger. We found no exceptions.
  - c. We inspected the account code to which the check was posted to determine the posting was reasonable based on the employee's duties as documented in the Minutes. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm remittances were timely paid, and that the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2017. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2018	December 28, 2017	\$1,296.00	\$1,296.00
State income taxes	January 31, 2018	November 30, 2017 (check date); March 22, 2018 (bank clearing date)	\$172.00	\$172.00
City of Springfield income tax	January 31, 2018	November 30, 2017	\$528.00	\$480.00
OPERS retirement	January 30, 2018	December 13, 2017	\$480.00	\$480.00

As noted above, 2% of the District employee's gross wages were withheld and remitted to the City of Springfield. However, the City's income tax rate increased from 2% to 2.4%, effective July 1, 2017. The increased income tax rate was not included in the withholdings or remittance for the second half of the fiscal year, which resulted in an underpayment to the City of Springfield, in the amount of \$48. The District should review changes in tax rates and ensure proper amounts are withheld and paid to the appropriate authorities.

### Non-Payroll Cash Disbursements

1. From the Ledger, we re-footed checks recorded as disbursements for *miscellaneous maintenance and administration*, and checks recorded as *special projects* for 2017. We found no exceptions.
2. We haphazardly selected ten disbursements from the Ledger for the year ended December 31, 2017 and ten from the year ended 2016 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name, and amount recorded on the cleared check agreed to the check number, date, payee name, and amount recorded in the Ledger and to the names and amounts on the supporting invoices.
    - i. Although we found no exceptions for the check number, date, payee name, and amount recorded on the cleared checks agreeing to the Ledger and to the names and amounts on the supporting invoices, we did find an approval exception. As recorded in the Minutes, the Board of Directors approved to retain HRH for the Old Reid paving project, at a cost not to exceed \$18,000; however, the District was invoiced from and paid Multiple Services LLC for the paving project, at a cost of \$19,423. The Board should formally approve chosen vendors and any changes to vendors or contract amounts. Additionally, the Board should require written contracts for larger projects and ensure that modifications are approved and written. The lack of proper approvals and/or contract modifications could result in unauthorized expenditures or possible litigation.
    - ii. Furthermore, invoices for two separate disbursements, totaling \$4,000, were not originally maintained by the District; however, the Treasurer did obtain invoices from the vendors for these disbursements during the engagement. Once obtained, we found no exceptions in regards to the check number, date, payee name, and amount recorded in the Ledger agreeing to the names and amounts on the supporting invoices. To ensure disbursements have a proper public purpose and are appropriate District expenditures, documentation (such as invoices) should be kept to support the issued disbursements.
  - c. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Sections 5705.28(B)(2), 5705.41(D), and 6101.44. We found twenty instances where the certification date was after the vendor invoice date and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Sections 5705.28(B)(2), 5705.41(D), and 6101.44 require certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred. The District should prepare purchase orders prior to commitments to help prevent overspending.

### Compliance – Budgetary

1. We compared the total estimated receipts from the annual appropriation resolutions, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Cash Reports for the years ended December 31, 2017 and 2016. The amounts agreed.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether the Directors appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38(C). We found no exceptions.

### **Compliance – Budgetary (Continued)**

3. We compared total appropriations required by Ohio Rev. Code Section 6101.44, to the amounts recorded in the Ledger for 2017 and 2016. The amounts on the appropriation resolutions agreed to the amounts recorded in Ledger.
4. Ohio Rev. Code Section 6101.44 prohibits appropriations from exceeding the unencumbered balance plus the amounts to be received during the year. We compared total appropriations to total estimated resources for the years ended December 31, 2017 and 2016. We noted no appropriations which exceeded the estimated resources.
5. Ohio Rev. Code Section 6101.44 prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2017 and 2016, as recorded in the annual financial reports and the annual appropriation resolutions, respectively. We noted no expenditures which exceeded the appropriations.
6. Ohio Rev. Code Section 6101.44 requires establishing separate funds to segregate externally-restricted resources. We inspected the Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the District received new restricted receipts. There was no evidence of new restricted receipts for which Ohio Rev. Code Section 6101.44 would require the District to establish a new fund.
7. We inspected the Ledger for the years ended December 31, 2017 and 2016 for negative cash fund balance. 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 negative cash fund balances.

### **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. 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 upon 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 years ended December 31, 2017 and 2016 in the Hinkle system.

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.

This report is for the use of the District to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, 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 "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 31, 2018

**This page intentionally left blank.**





# Dave Yost • Auditor of State

**SPRINGFIELD CONSERVANCY DISTRICT**

**CLARK 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  
JUNE 21, 2018**