



**MONTGOMERY COUNTY SOIL AND WATER CONSERVATION DISTRICT
MONTGOMERY COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Montgomery County Soil and Water Conservation District
Montgomery County
10025 Amity Road
Brookville, Ohio 45309

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors (the Board) and the management of the Montgomery County Soil and Water Conservation District (the District) on the receipts, disbursements and balances recorded in the District's cash-basis accounting records for the years ended December 31, 2017 and 2016, 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, 2017 and 2016 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, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the District's January 2016 Balance Sheet Detail Report to the December 31, 2015 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, 2017 beginning fund balances recorded in the District's January 2017 Balance Sheet Detail Report to the December 31, 2016 balances in the District's December 2016 Trial Balance Report. We found no exceptions.
3. We agreed the totals per the District Fund, Sycamore Fund, and Drainage Fund bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the District's December 2016 and 2017 Trial Balance Report for the District Fund, Sycamore Fund, and Drainage Fund. The amounts agreed.
4. We confirmed the December 31, 2017 bank account depository balances for the District Fund, Sycamore Fund, and Drainage Fund with the District's financial institutions. The balances agreed, except for the Certificate of Deposit, which showed a balance that was \$43 greater than the confirmed balance.

5. We compared the December 31, 2017 Special Fund depository balance from the *Cash Basis Annual Financial Report* to the amount reported in the Montgomery County 2017 Fund Cash Balance Report. We found no exceptions.
6. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
 - 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 statements. Check #5388 issued on October 17, 2015 in the amount of \$531 had not cleared. The District should take steps to follow up on the status of this check to determine if it needs to be removed from the outstanding check list.
 - c. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.
7. We inspected investments held at December 31, 2017 and 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. 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 Receipts

We applied the following procedures for the years ended December 31, 2017 and 2016:

- 1 We traced the total of the receipts from the State Distribution Transaction Lists (DTL) and the total of the receipts from the Montgomery County Revenues and Expenditures Spreadsheet to the total amounts recorded in the respective receipt classification in the Special Fund in the Monthly General Ledger Report. The amounts agreed.

All Other Cash Receipts

We haphazardly selected 10 other cash receipts from the year ended December 31, 2017 and 10 other cash receipts from the year ended 2016 recorded in the duplicate cash receipts book and:

1. Agreed the receipt amount to the amount recorded in the Transaction List by Date 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 Transaction List by Date to determine the 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 2017 and one payroll check for five employees from 2016 from the Montgomery County Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Montgomery County Payroll Register to employee file and time cards. We found no exceptions.
 - b. We inspected the Financial Transaction Summary Inquiry 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 Financial Transaction Summary Inquiry Report to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.

2. We haphazardly 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 Montgomery County 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.

Section IV Part B of the District's Personnel Employment Policy states, in part, "an employee may elect, at the time of retirement from active service or the estate of an employee who dies while employed full time with the District with ten or more years of public service in Ohio, to be paid in cash for a portion of his/her accumulated sick leave. Payment for accumulated sick leave at the time of retirement shall be based on the employee's hourly rate at the time of retirement, with one such hour of pay for every four hours to a maximum of 240 hours." The selected employee was not paid in accordance with District policy. The employee had a sick leave balance of 8.08 hours. He was paid for the entire balance rather than one-fourth of the balance, or 2.02 hours. As a result, the employee was overcompensated by \$99. See table below. The District should take steps to assure that future termination payments are paid in accordance with District policy. Failure to do so could lead to overpayments resulting in potential findings for recovery.

Amount Due Per Policy (2.02 hrs * \$16.40/hr)	\$33
Less: Amount Paid (8.08 hrs * \$16.40/hr)	\$132
Overpayment	\$99

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 Transaction List by Date Report for the year ended December 31, 2017 and five from the *Special Fund* and five from the *District Fund* and other funds for the year ended 2016 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 Transaction List by Date 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.

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 Financial Transaction Summary 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.

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, 2017 and 2016. 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 agreed.
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 Revenue Financial Analysis Inquiry Report for the Special Fund for the years ended December 31, 2017 and 2016. The amounts agreed.
3. We inspected the appropriation measures adopted for 2017 and 2016 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 Expenditure Financial Analysis Inquiry Report for the Special Fund for 2017 and 2016, and to the appropriations reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The amounts agreed.
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, 2017 and 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, 2017 and 2016 for the "Special" Fund, as recorded in the Expenditure Financial Analysis Inquiry Report. Expenditures did not exceed appropriations for the Special Fund.
7. We inspected the December Trial Balance Report for the years ended December 31, 2017 and 2016 for negative cash fund balances. Ohio Rev. Code Section 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 List by Date Report for the years ended December 31, 2017 and 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.

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 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 years ended December 31, 2017 and 2016 in the Hinkle system. There were 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.

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, 2017 and 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

May 16, 2018

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MONTGOMERY COUNTY SOIL AND WATER CONSERVATION DISTRICT

MONTGOMERY 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 12, 2018**