



OHIO AUDITOR OF STATE
KEITH FABER



MORGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT
MORGAN COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Morgan Soil and Water Conservation District
Morgan County
167 South Kennebec Avenue
McConnelsville, Ohio 43756

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors (the Board) and the management of the Morgan 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, 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

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 General Ledger Report to the December 31, 2016 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 General Ledger Report to the December 31, 2017 balances in the District's General Ledger Report. 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 General Ledger Report for the District Fund. The amounts agreed.
4. We confirmed the December 31, 2018 bank account depository balance for the District with the District's financial institution. We found no exceptions. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation with an exception. The amounts differed by \$209. We found the District's December 31, 2018 bank reconciliation reflected the bank amount directly reduced by the amount of four checks written in 2018 rather than listing them separately on the reconciliation as outstanding checks at December 31, 2018. The December 31, 2018 reconciliation reflected no outstanding checks.

Cash (Continued)

5. We compared the December 31, 2018 Special Fund depository balance from the *Cash Basis Annual Financial Report* to the amount reported in the Statement of Cash Position. We found no exceptions.
6. We selected all reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - a. We found the District did not include outstanding checks on its December 31, 2018 bank reconciliation. Rather than identifying and labeling outstanding checks on the reconciliation, the District entered the bank balance net of outstanding checks so that the bank balance on the reconciliation did not agree to the bank statement.
 - b. We traced each check to the subsequent January bank statement. We found no exceptions.
 - 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.

Intergovernmental 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 Detailed Account History Report to the total amounts recorded in the respective receipt classification in the Special Fund in the General Ledger 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 Cash Account Register. 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 Cash Account Register 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 selected one payroll check for all employees from 2018 and one payroll check for all employees from 2017 from the Payroll Transmittal Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Transmittal Report to supporting documentation (timecard, legislatively and statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the Payroll Transmittal 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 General Ledger to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.

Payroll Cash Disbursements (Continued)

2. For any new employees selected in procedure 1, we inspected the following information in the employees' personnel files to determine it 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 procedures a. – e. above.

3. 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 Transmittal 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

1. From the General Ledger, we re-footed checks recorded as *District Fund* disbursements for Bi-Monthly Newsletter and Mailing Permit for 2018. We found no exceptions.
2. We selected a sample (agreed upon) of five disbursements from the *Special Fund* and five disbursements from the *District Fund* from the General Ledger for the year ended December 31, 2018 and five from the *Special Fund* and five from the *District Fund* 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 General Ledger 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 General Ledger and County Expense Audit Trail 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 agent 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.

Special Fund Budgetary Compliance (Continued)

We also compared the budget amounts to the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The amount agreed except, the Special Fund appropriations per the budget request equaled \$58,400 and the appropriations per the Special Fund Budgetary Activity footnote equaled \$49,610 for 2017.

2. We compared the total estimated receipts reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report to the *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 Peachtree computer system for the Special Fund for the years ended December 31, 2018 and 2017. The Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report recorded budgeted (i.e. certified) resources for the Special Fund of \$53,375 for 2018 and \$51,610 for 2017. However, the final Amended Official Certificate of Estimated Resources reflected \$48,000 and \$72,066, respectively. We also found estimated revenue was not input into the Peachtree computer system of the District nor was a separate spreadsheet prepared to track budgetary versus actual amounts and estimated revenue was not input into the County Auditor's Revenue Audit Trail Report for the Special Fund. In order for the Board of Supervisors to accurately monitor budget and actual amounts the proper information needs to be input into the District's computer system or other tracking system to have a budgetary accounting system.
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 Expense Audit Trail Report 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. The appropriations per the Expense Audit Trail Report for the Special Fund were \$48,663 and \$52,375, for 2018 and 2017 respectively, and appropriations per the Special Fund Budgetary Activity footnote per the Cash Basis Annual Financial Report were \$47,250 and \$49,610, for 2018 and 2017, respectively. We also found appropriations were not input into the Peachtree computer system used by the District or other tracking system to have a budgetary accounting system.
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.
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.
7. We compared interfund transfers-in to transfers-out to ensure they agreed and inspected the transfer activity to determine they were approved by the Board of Supervisors. We found no exceptions.

Special Fund Budgetary Compliance (Continued)

8. 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 Cash Disbursements Journal for the years ended December 31, 2018 and 2017 to determine if the District purchased equipment and services allowed by ORC 940.08 or purchased goods or services allowed by ORC 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.

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, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 25, 2019

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OHIO AUDITOR OF STATE KEITH FABER



MORGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT

MORGAN 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 27, 2019**