



OHIO AUDITOR OF STATE
KEITH FABER



MUSKINGUM SOIL AND WATER CONSERVATION DISTRICT
MUSKINGUM 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

Muskingum Soil and Water Conservation District
Muskingum County
225 Underwood Street, Suite 100
Zanesville, Ohio 43701

We have performed the procedures enumerated below, which were agreed to by the Board of Supervisors (the Board) and the management of the Muskingum Soil and Water Conservation District, Muskingum 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 Balance Sheet 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 Balance Sheet to the December 31, 2017 balances in the District's Balance Sheet. 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 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 institution. 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 County's Fund Summary Report. We found no exceptions.
6. We selected all (two) reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:

Cash and Investments (Continued)

- a. We footed the supporting outstanding check list and compared it to the cash reconciliation. We found no exceptions.
 - b. We traced one check to the subsequent March bank statement. We also noted one check was declared a donation and removed from the District's outstanding check list in February 2019 in accordance with Board policy. 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.
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 List (DTL), the total of the receipts from the County Auditor's Detail Expense Report, the total of receipts from the City of Zanesville's Account Detail Report and the total receipts from the Ohio Department of Natural Resources Voucher Accounting Detail Report to the total amounts recorded in the respective receipt classification in the Special Fund in the General Journal Report. The amounts agreed.
- 2 We selected a sample (agreed upon) of five other confirmable receipts from the year ended December 31, 2018 and five other confirmable receipts from the year ended December 31 2017 in the General Journal Report from funds other than the *Special Fund* such as grants, municipal and district funds
 - a. We confirmed or verified by remittance advice or confirmation the amounts paid from the Muskingum Watershed Conservation District, The Ohio State University, Century National Bank and the Muskingum County Farm Bureau to the District. We found no exceptions.
 - b. We inspected the General Journal Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.

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 Receipts Journal 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 Cash Receipts Journal Report 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 five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Warrant Register Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Warrant Register Report to supporting documentation (timecards and personnel action notices). We found no exceptions.
 - b. We inspected the Payroll Warrant Register 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 Payroll Warrant Register Report to determine whether the check was classified as *salaries* and was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1, we inspected the following information in the employees' personnel files, minutes, and personnel action notice 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 Warrant Register 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* and other funds from the Purchase Journal 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* 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 Purchase Journal 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 submitted to the County Auditor agreed to the payee name and amount recorded in the Purchase Journal Report and Muskingum County Detail Expense Report. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- 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 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 § 5705.36(A)(1), and to the amounts recorded in Detail Revenue Report for the Special Fund for the years ended December 31, 2018 and 2017. The amounts agreed.
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 Detail Expense 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 amounts agreed.
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 the agreed and inspected the transfer activity to determine they were approved by the Board of Supervisors. We found no exceptions.
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 (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. No funds had negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Purchase Journal Report for the years ended December 31, 2018 and 2017 to determine if the District purchased equipment and services allowed by Ohio Rev. Code § 1515.09 or purchased goods or services allowed by Ohio Rev. Code § 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

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, 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, 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,
 - a list of authorized users, and
 - a list of all credit card account transactions.
 - a. We inspected the established policy obtained above and noted it is:
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the District.
 - b. We selected five credit card transactions from the District employees and three credit card transactions from the District Administrator for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. 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.

Muskingum Soil and Water Conservation District
Muskingum County
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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

May 20, 2019

OHIO AUDITOR OF STATE KEITH FABER



MUSKINGUM COUNTY SOIL AND WATER CONSERVATION DISTRICT

MUSKINGUM 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 4, 2019**