



Dave Yost • Auditor of State



MORGAN SOIL & WATER CONSERVATION DISTRICT  
MORGAN COUNTY

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

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

We have performed the procedures enumerated below, with which the Board of Supervisors (the Board) and the management of the Morgan Soil & Water Conservation District, Morgan 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, 2012 through 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. 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 and Fund Balances

We applied the following procedures to each *Cash Basis Annual Financial Report* (the Reports) for the fiscal years ending December 31, 2012 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 with the following exceptions:
  - For the year ended December 31, 2015, the fund cash balance on page 2 was \$4,689 more than the fund balance reported on page 3B for the District Fund and the fund cash balance was not reported on page 2 for the Special Fund.
  - For the year ended December 31, 2014, the fund cash balance on page 2 was \$92 more than the fund balance reported on page 3B for the District Fund and the fund cash balance was not reported on page 2 for the Special Fund.
  - For the year ended December 31, 2013, the fund cash balance on page 2 was \$566 more than the fund balance reported on page 3B for the District Fund and the fund cash balance was not reported on page 2 for the Special Fund.
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.
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.

### **Depository Balances and Fund Balances (Continued)**

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 General Ledger Account Summary Report to the corresponding *Fund Cash Balances* on page 3B of the Reports. The following differences were noted:
  - For December 31, 2015, the fund cash balance for the District Fund per the District's General Ledger Account Summary was \$1,308 less than the fund cash balance reported on page 3B.
  - The District did not include the \$100 petty cash account on the District's General Ledger Account Summary for December 31, 2012 through January 1, 2015; however, it was reported on page 3B for those dates.

We also applied the following procedures to the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* in the *Cash Basis Annual Financial Report* filed in the Hinkle System (the Report) at December 31, 2016:

6. We footed and cross-footed the amounts on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. We found no exceptions.
7. We compared the *Disbursements plus Other Financing Uses* for the Special Fund on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* to the Budgetary Expenditures in the Special Fund Budgetary Activity footnote. The amounts agreed.
8. We compared the *Receipts plus Other Financing Sources* for the Special Fund on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances* to the Actual Receipts in the Special Fund Budgetary Activity footnote. The amounts agreed.
9. We agreed the January 1 and December 31 fund cash balances reported in the District's General Ledger Account Summary to the corresponding *Fund Cash Balances* on the *Combined Statement of Receipts, Disbursements and Changes in Fund Balances*. The amounts agreed.
10. We confirmed the December 31, 2016 bank account depository balance for the District Fund with the District's financial institution. The balances agreed.
11. We compared the December 31, 2016 Special Fund depository balance from the *Report* to the amount reported in the Morgan County Statement of Cash Position Report. We found no exceptions.
12. 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 cash reconciliation. We found no exceptions.
  - b. We found checks were still outstanding as of the date of this report.
  - c. We traced the amounts and dates of each check to the check register, to determine the check was recorded for the same amount and date and recorded prior to December 31. We noted no exceptions.

### **Intergovernmental and Other Confirmable Cash Receipts**

We applied the following procedures for the years ended December 31, 2012 through December 31, 2016:

### Intergovernmental and Other Confirmable Cash Receipts (Continued)

- 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 Detailed Account History Report to the total amounts recorded in the respective receipt classification in the Special Fund in the General Ledger. The amounts agreed.
- 2 We haphazardly selected five other confirmable receipts from the year ended December 31, 2016 and three other confirmable receipts from each of the years ended December 31 2012 through 2015 in the General Ledger from funds other than the *Special Fund* such as grants and other monies from governmental entities.
  - a. We confirmed the amounts paid from USDA, OFSWCD and ODNR to the District. We found no exceptions.
  - b. We determined whether these receipts were allocated to the proper funds. We found all the receipts tested were recorded in the District Fund. Per follow up phone conversations with grantor agencies these monies could be used by either the Special Fund or District Fund.

### All Other Cash Receipts

We haphazardly selected 10 other cash receipts from the year ended December 31, 2016 and five other cash receipts from each of the years ended 2012 through 2015 recorded in the duplicate cash receipts book and determined whether the:

1. Receipt amount agreed to the amount recorded in the Cash Account Register. The amounts agreed.
2. Amount charged complied with rates in force during the period, if applicable. We found no exceptions.
3. Receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

### Payroll Cash Disbursements

1. We haphazardly selected one payroll check for two employees from 2016 and one payroll check for two employees for each of the years ended December 31, 2012 through 2015 from the Detailed Payroll Ledger and:
  - a. We compared the hours and pay rate, or salary recorded in the Detailed Payroll Ledger to supporting documentation (timecard, legislatively approved rate or salary). 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 two employees tested in step 1 from 2016, 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.).

### Payroll Cash Disbursements (Continued)

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, 2012 and December 31, 2016, and agreed the computation to the amount paid as recorded in the Detailed Payroll Ledger:
  - 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 Equipment and Advertising & Printing for 2016. We found no exceptions.
2. We haphazardly selected five disbursements from the *Special Fund* and five disbursements from the *District Fund* and other funds from the Cash Disbursements Journal for the year ended December 31, 2016 and two from the *Special Fund* and three from the *District Fund* and other funds for each of the years ended 2012 through 2015 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 Cash Disbursements Journal 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 General Ledger and County Auditor 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.

### 2016 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 Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report. The amounts agreed except, the Special Fund appropriations per the budget request equaled \$49,000 and the appropriations per the Special Fund Budgetary Activity footnote equaled \$37,505.



**2016 Special Fund Budgetary Compliance (Continued)**

2. We compared the total estimated receipts reported on the Special Fund Budgetary Activity footnote of the Cash Basis Annual Financial Report to the Special Fund Budget Request, required by Ohio Rev Code § 5705.36(A)(1), and to the amounts recorded in the General Ledger for the Special Fund. We 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. We also found 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. We recommend the fiscal officer input the estimated revenue into the District's computer system or prepare a separate spreadsheet to track budget versus actual amounts.
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 § 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 County Auditor Expense Audit Trail Report for the Special Fund, 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 \$49,000 and appropriations per the Special Fund Budgetary Activity footnote per the Cash Basis Annual Financial Report were \$37,505. 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 revenue. We compared total appropriations to total estimated revenue for the Special Fund for the year ended December 31, 2016. We noted that Special Fund appropriations for 2016 exceeded estimated revenue by \$1,500, contrary to the aforementioned Ohio Rev. Code Sections. The Supervisors should not pass appropriations exceeding estimated revenue. Allowing this to occur could cause the District to incur fund balance deficits.
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, 2016 for the "Special" Fund, as recorded in the Annual Cash Basis Financial Report. We noted expenditures did not exceed appropriations for the Special Fund.
7. We determined that interfund transfers-in equaled transfers-out and were approved by the Board of Supervisors. We found no exceptions.
8. We scanned the Annual Cash Basis Financial Report for the year ended December 31, 2016 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. We noted no funds having a negative cash fund balance.

### **2016 Compliance – Contracts & Expenditures**

We inquired of management and scanned the Cash Disbursements Journal for the year ended December 31, 2016 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. We noted no purchases exceeding \$50,000.

### **2016 Other Compliance**

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. We reviewed the HINKLE system and noted the District filed their financial information within the allotted timeframe for the year ended December 31, 2016.

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

April 27, 2017



# Dave Yost • Auditor of State

**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  
MAY 25, 2017**