

***MORGAN-MEIGSVILLE RURAL WATER DISTRICT***

***MORGAN COUNTY, OHIO***

***AGREED-UPON PROCEDURES***

***For the Years Ended December 2018 and 2017***





# OHIO AUDITOR OF STATE KEITH FABER



Board of Trustees  
Morgan-Meigsville Rural Water District  
PO Box 456  
Mcconnelsville, OH 43756

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Morgan-Meigsville Rural Water District, Washington County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Morgan-Meigsville Rural Water District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

April 17, 2019

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MORGAN-MEIGSVILLE RUARL WATER DISTRICT  
MORGAN COUNTY  
Agreed-Upon Procedures  
For the Years Ended December 31, 2018 and 2017

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

Morgan-Meigsville Rural Water District  
Morgan County  
1072 East State Route 60  
P.O. Box 456  
McConnelsville, Ohio 43756

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Morgan Meigsville Rural Water District (the District) and the Auditor of State, 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 those 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 balance recorded in the Check Register Report to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Check Register Report to the December 31, 2017 balances in the Check Register Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017. Cash balances reported in the Check Register Report. The amounts agreed.
4. We observed the year-end bank balance on the financial institution's website. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
  - b. We traced the amounts and dates to the check register report, to determine the debits were dated prior to December 31. There were no exceptions.

**Charges for Services**

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2018 and 10 water collection cash receipts from the year ended 2017 recorded in the Billing Journal and:
  - a. Agreed the receipt amount per the Daily Cash Receipts Journal to the amount recorded to the customer's account in the Customer Balance Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer Balance Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings We found no exceptions.
  - c. Receipt was posted to the proper fund, and was recorded in the year received. We found no exceptions.
2. We inspected the Customer Balance Report.
  - a. This report listed \$94,722 and \$91,176 of accounts receivable as of December 31, 2018 and 2017, respectively.
  - b. Of the total receivables reported in procedure 2a, \$12,245 and \$8,870 were recorded as more than 90 days delinquent as of December 31, 2018 and 2017, respectively.
3. We inspected the Daily Cash Receipts Journal
  - a. This report listed a total of \$1,584 and \$2,164 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
  - b. We haphazardly selected five non-cash adjustments from 2018 and five non-cash adjustments from 2017, and noted that the Fiscal Officer approved each adjustment

**Debt**

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2016. These amounts agreed to the District's January 1, 2017 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2016:</b>
OWDA – 2987	\$ 40,316
OWDA – 6719	1,471,315
OWDA – 6224	220,731
OWDA – 6937	877,284
OPWC – CR25J	495,886

2. We inquired of management, and inspected the Receipt Register Report and Check Register Report for evidence of debt issued during 2018 and 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Check Register Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.



**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Register Report and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Register Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
  - b. We inspected the Payroll Register Report to confirm whether the account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.
  
2. For any new employees selected in procedure 1 we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Account to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding.
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2018. 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 (and social security, for employees not enrolled in pension system)	January 31, 2019	January 3, 2019	\$ 2,152.15	\$ 2,152.15
State income taxes	January 15, 2019	January 2, 2019	\$192.01	\$192.01
OPERS retirement	January 30, 2019	January 2, 2019	\$1,166.36	\$1,166.36

4. 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 Payroll 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**

1. We haphazardly selected ten disbursements from the Check Register Report for the year ended December 31, 2018 and ten from the year ended December 31, 2017 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 returned, canceled check agreed to the check number, date, payee name and amount recorded in the Check Register Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### **Compliance – Budgetary**

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Sections 5705.28(B)(2) 5705.36(A)(1), to the amounts recorded in the Proposed Budget Spreadsheet for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38 and 5705.40, to the amounts recorded in the Proposed Budget Spreadsheet for 2018 and 2017. The amounts on the appropriation resolutions agreed to the amounts recorded in the Proposed Budget Spreadsheet.
4. Ohio Rev. Code Section 5705.28(B)(2)(c) prohibits appropriations from exceeding the estimated revenue available for expenditure (receipts plus beginning unencumbered cash). We compared total appropriations to total estimated revenue for the years ended December 31, 2018 and 2017. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2018 and 2017, as recorded in the Proposed Budget Spreadsheet. Expenditures did not exceed appropriations.
6. We inspected the Check Register Report for the years ended December 31, 2018 and 2017 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. There were no funds having negative cash fund balances.

### Other Compliance

Ohio Rev. Code Section 117.38 requires these 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. The 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 the 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.



**Charles E. Harris & Associates, Inc.**  
March 19, 2019

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# OHIO AUDITOR OF STATE KEITH FABER



**MORGAN – MEIGSVILLE RURAL WATER 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 9, 2019**