



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Morgan-Meigsville Rural Water District  
Morgan County  
P.O. Box 456  
McConnelsville, OH 43756

We have performed the procedures enumerated below on the Morgan-Meigsville Rural Water District's, Morgan County, Ohio (the District) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2022 and 2021 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, 2022 and 2021 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District.

The Board of Trustees and the management of the District have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2022 and 2021, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash

1. We recalculated the December 31, 2022 and December 31, 2021 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2021 beginning fund balance recorded in the Business Cash Flow Report to the December 31, 2020 balance in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2022 beginning fund balance recorded in the Business Cash Flow Report to the December 31, 2021 balances in the Business Cash Flow Report. We found no exceptions.
3. We agreed the 2022 and 2021 bank reconciliations as of December 31, 2022 and 2021 to the total cash balances reported in the Business Cash Flow Report and the financial statements filed by the District in the Hinkle System. The amounts agreed.

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### **Cash (Continued)**

4. We confirmed the December 31, 2022 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2022 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2022 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31. We found no exceptions.

### **Other Confirmable Cash Receipts**

We confirmed the total amount paid from the PEP Grants Fund to the District during 2021 with the supporting PEP letter, HINKLE Report and bank reconciliation.

- a. We inspected the supporting PEP letter, Hinkle Report and financial statements to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Charges for Services**

1. We selected 10 water collection cash receipts from the year ended December 31, 2022 and 10 water collection cash receipts from the year ended 2021 recorded in the Daily Cash Receipts Journal and:
  - a. Agreed the receipt amount per the Daily Cash Receipts Journal to the amount recorded to the customer's account in the Billing Balance Journal. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Billing Balance Journal for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the engagement 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 Aged Customer 90 + Days Report:
  - a. This report listed \$16,495 and \$15,719 of accounts receivable as of December 31, 2022 and 2021, respectively.
  - b. Of the total receivables reported in procedure 2a, \$12,498 and \$12,722 were recorded as more than 90 days delinquent.
3. We inspected the Daily Cash Receipts Journal (Adjustments):
  - a. This report listed a total of \$2,471 and \$5,769 non-cash receipts adjustments for the years ended December 31, 2022 and 2021, respectively.
  - b. We selected five non-cash adjustments from 2022 and five non-cash adjustments from 2021, and observed that the Board of Trustees did not approve the non-cash adjustments individually, but rather through a global motion at the last meeting of each year.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2020.
  - a. These amounts agreed to the District's January 1, 2021 balances on the summary we used in procedure 3.
  - b. We inspected the debt's agreements for all outstanding debt, and we confirmed the District was in compliance with the debt covenants listed below.

Issue	Principal Outstanding as of 12/31/2020	Debt Covenant
OPWC CR25J-0	\$420,425	None noted
OWDA 6224	190,362	If Default in payment, full amount of unpaid project may be immediately due and payable.
OWDA 6719	1,296,882	Same as above
OWDA 6937	763,357	Same as above
OWDA 8226	151,341	Same as above
OWDA 9001	158,226	Same as above
OWDA 9002	403	Same as above

2. We inquired of management and inspected the Business Cash Flow Report for evidence of debt issued during 2022 or 2021 or debt payment activity during 2022 or 2021. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loans debt activity for 2022 and 2021 and agreed principal and interest payments from the related debt amortization schedules to payments reported in the Expense Ledger. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds received for 2021 from the debt documents to amounts recorded in the Business Cash Flow Report and Hinkle Filing. The amounts agreed.
5. For new debt issued during 2021, we inspected the debt legislation, which stated the District must use the proceeds for the SR 377, SR 266 and Coulson Road Waterline Extension. We inspected the Expense Ledger and observed the District used proceeds on waterline extension materials, professional services and labor in 2021 and 2022. We found no exceptions.

**Payroll Cash Disbursements**

1. We selected one payroll check for all employees from 2022 and one payroll check for all employees from 2021 from the Expense Ledger and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Sheets to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the minutes record. We found no exceptions.

**Payroll Cash Disbursements (Continued)**

- d. We confirmed the payment was posted to the proper year. We found no exceptions.
- 2. We selected one new employee from 2022 and one new employee from 2021 and:
  - a. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
  - b. We agreed the items in a above to the Employee Information Report.
We found no exceptions.
- 3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2022 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 2022. 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, 2023	January 3, 2023	\$1,077	\$1,077
State income taxes	January 15, 2023	January 3, 2023	253	253
OPERS retirement	January 30, 2023	January 3, 2023	2,831	2,831

We found no exceptions.

**Non-Payroll Cash Disbursements**

- 1. From the Expense Ledger we re-footed checks recorded as *salary* disbursements, and checks recorded as *miscellaneous expenditures* for 2022. We found no exceptions.
- 2. We selected 10 disbursements from the Expense Ledger for the year ended December 31, 2022 and 10 from the year ended 2021 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 Expense Ledger and to the names and amounts on the supporting invoices. We found one instance where the check number did not agree with the cleared check number in the bank reconciliation. Upon further investigation, we noticed checks were out of alignment by 1 starting with check 8168 and being corrected with check 8188. Date, payee name and amount recorded on the cancelled check all agreed to the expense ledger.
  - c. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

**Compliance – Budgetary**

- 1. Ohio Rev. Code §5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2022 and 2021. Expenditures did not exceed appropriations.

### **Compliance – Budgetary (Continued)**

2. We inspected the Business Cash Flow Report for the years ended December 31, 2022 and 2021 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. There were no funds having negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the District's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with District management and determined the following:
  - a. The District did not have any completed public records requests during the engagement period.
  - b. The District did not have any denied public records requested during the engagement period.
  - c. The District did not have any public records requests with redactions during the engagement period.
3. We inquired with District management and determined that the District did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inquired with District management and determined that the District did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the District's poster describing their Public Records Policy was displayed conspicuously in all branches of the District as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with District management and determined that the District did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with District management and determined that the District did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
9. We inspected the public notices for the public meetings held during the engagement period and determined the District notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.

### Sunshine Law Compliance (Continued)

10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
- Prepared – a file is created following the date of the meeting.
  - Filed – placed with similar documents in an organized manner.
  - Maintained - retained, at a minimum, for the engagement period.
  - Open to public inspection – available for public viewing or request.
- We found no exceptions.

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
- Executive sessions were only held at regular or special meetings.
  - The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - Formal governing board actions were adopted in open meetings.
- We found no exceptions.

### Other Compliance

Ohio Rev. Code § 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. 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, 2022 and 2021 in the Hinkle system. We found no exceptions.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 18, 2024



# OHIO AUDITOR OF STATE KEITH FABER



**MORGAN-MEIGSVILLE RURAL WATER DISTRICT**

**MORGAN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 2/1/2024**

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This report is a matter of public record and is available online at  
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