



OHIO AUDITOR OF STATE
KEITH FABER



**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Wood County Soil and Water Conservation District
Wood County
1616 East Wooster Street, Suite 32
Bowling Green, Ohio 43402

To the Board of Supervisors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund and related notes of the Wood County Soil and Water Conservation District, Wood County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions the Ohio Department of Agriculture permits; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Agriculture, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Agriculture permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund of the Wood County Soil and Water Conservation District, Wood County, Ohio as of and for the years ended December 31, 2018 and 2017 in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

December 10, 2019

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018**

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government		\$236,144		\$236,144
State Government		150,435		150,435
Federal Government	\$60,594	32,568		93,162
Gifts and Contributions	13,900			13,900
Sale of Products/Materials	36,740			36,740
Rentals	820			820
All Other Revenue	19,074	122,955	\$57,776	199,805
<i>Total Cash Receipts</i>	<u>131,128</u>	<u>542,102</u>	<u>57,776</u>	<u>731,006</u>
Cash Disbursements				
Salaries		272,231		272,231
Supplies	3,716	691		4,407
Equipment	10,252			10,252
Contract Services/Cost Share Payment	168,342	5,615	21,910	195,867
Rentals	207	20,966		21,173
Service Fees	2,089			2,089
Information and Education	3,846			3,846
Travel and Expenses	7,415	459		7,874
Advertising and Printing	12,489	793		13,282
OPERS		37,841		37,841
Worker's Compensation		2,685		2,685
Hospitalization		71,718		71,718
Medicare		3,768		3,768
Product/Materials for Resale	30,911			30,911
Vehicle Rental/Liability Insurance	5,674			5,674
Annual Meeting/Banquet	4,604			4,604
Other	3,205	2,350		5,555
<i>Total Cash Disbursements</i>	<u>252,750</u>	<u>419,117</u>	<u>21,910</u>	<u>693,777</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(121,622)</u>	<u>122,985</u>	<u>35,866</u>	<u>37,229</u>
Other Financing Receipts (Disbursements)				
Transfers In		8,750		8,750
Transfers Out	(8,750)			(8,750)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(8,750)</u>	<u>8,750</u>		
<i>Net Change in Fund Cash Balances</i>	<u>(130,372)</u>	<u>131,735</u>	<u>35,866</u>	<u>37,229</u>
<i>Fund Cash Balances, January 1</i>	<u>317,627</u>	<u>74,736</u>	<u>68,367</u>	<u>460,730</u>
Fund Cash Balances, December 31				
Restricted	67,687	608		68,295
Committed			104,233	104,233
Unassigned	119,568	205,863		325,431
<i>Fund Cash Balances, December 31</i>	<u>\$187,255</u>	<u>\$206,471</u>	<u>\$104,233</u>	<u>\$497,959</u>

See accompanying notes to the basic financial statements

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Wood County Soil and Water Conservation District, Wood County, Ohio (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District provides local leadership in the conservation of natural resources and stewardship of agricultural lands.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all funds.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

Special Fund The special fund is the primary fund used for day to day operations and expenditures including payroll and benefits. The District records all amounts received from the State, local, or federal governments in this fund. The County Auditor also maintains an accounting of this fund.

District Fund The district fund accounts for and reports revenues from district sales and equipment rentals, grants and donations.

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Fund:

Ditch Fund The ditch fund accounts for and reports amounts assessed for private ditch cleanout projects and paid to contractors upon completion of said projects.

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Agriculture. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters the Ohio Department of Agriculture requires.

Budgetary Process

The Ohio Revised Code requires the Special Fund be budgeted annually.

Appropriations Budgetary expenditures may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Wood County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment holds the District's Special Fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Wood County Treasurer, Jane Spoerl, at 1 Courthouse Square, Bowling Green, Ohio, by phone at (419) 354-9130, or by email at jspoerl@co.wood.oh.us.

The District's accounting basis for all other funds includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Supervisors can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Supervisors amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the special and district funds report all fund balances as *assigned* unless they are restricted or committed. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Unassigned Unassigned fund balance is the residual classification for the special and district funds and includes amounts not included in the other classifications. In other funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$437,416	\$550,852	\$113,436

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$436,341	\$419,117	\$17,224

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool all funds use, except the Special Fund which is maintained by the Wood County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$50,469
Other time deposits (savings and NOW accounts)	104,233
County Treasurer Deposits	206,444
Total deposits	361,146
STAR Ohio	136,813
Total deposits and investments	\$497,959

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – All Other Revenue

The District Fund received revenue from pond construction agreements, newsletter ads, refunds, reimbursements, and interest during 2018. The Special Fund received revenue from reimbursements during 2018. The Ditch Fund received revenue from assessments for ditch cleanout projects during 2018.

Note 10 – Subsequent Event

A \$7,000,000 grant was awarded to the District in 2019 by the Ohio Department of Agriculture. The grant was awarded to soil and water conservation districts in the Western Lake Erie Basin to collaborate on the administration of the Soil and Water Phosphorus Program.

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government		\$186,144		\$186,144
State Government	\$49,175	131,858		181,033
Federal Government	158,657	26,305		184,962
Gifts and Contributions	3,710			3,710
Sale of Products/Materials	32,834			32,834
Rentals	1,045			1,045
All Other Revenue	9,871	13,500	\$27,436	50,807
<i>Total Cash Receipts</i>	<u>255,292</u>	<u>357,807</u>	<u>27,436</u>	<u>640,535</u>
Cash Disbursements				
Salaries		260,814		260,814
Supplies	4,725	689		5,414
Contract Repairs	313			313
Contract Services/Cost Share Payment	166,462	5,097	49,527	221,086
Rentals		19,810		19,810
Service Fees	158			158
Information and Education	8,699			8,699
Travel and Expenses	6,582	567		7,149
Advertising and Printing	10,202	898		11,100
OPERS		35,506		35,506
Worker's Compensation		2,944		2,944
Hospitalization		81,456		81,456
Medicare		3,575		3,575
Product/Materials for Resale	23,485			23,485
Vehicle Rental/Liability Insurance	5,820			5,820
Annual Meeting/Banquet	657			657
Other	4,972	2,467		7,439
<i>Total Cash Disbursements</i>	<u>232,075</u>	<u>413,823</u>	<u>49,527</u>	<u>695,425</u>
<i>Net Change in Fund Cash Balances</i>	23,217	(56,016)	(22,091)	(54,890)
<i>Fund Cash Balances, January 1</i>	<u>294,410</u>	<u>130,752</u>	<u>90,458</u>	<u>515,620</u>
Fund Cash Balances, December 31				
Restricted	131,270	4,921		136,191
Committed			68,367	68,367
Unassigned	186,357	69,815		256,172
<i>Fund Cash Balances, December 31</i>	<u>\$317,627</u>	<u>\$74,736</u>	<u>\$68,367</u>	<u>\$460,730</u>

See accompanying notes to the basic financial statements

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Wood County Soil and Water Conservation District, Wood County, Ohio (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District provides local leadership in the conservation of natural resources and stewardship of agricultural lands.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all funds.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

Special Fund The special fund is the primary fund used for day to day operations and expenditures including payroll and benefits. The District records all amounts received from the State, local, or federal governments in this fund. The County Auditor also maintains an accounting of this fund.

District Fund The district fund accounts for and reports revenues from district sales and equipment rentals, grants and donations.

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Fund:

Ditch Fund The ditch fund accounts for and reports amounts assessed for private ditch cleanout projects and paid to contractors upon completion of said projects.

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Agriculture. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters the Ohio Department of Agriculture requires.

Budgetary Process

The Ohio Revised Code requires the Special Fund be budgeted annually.

Appropriations Budgetary expenditures may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Wood County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment holds the District's Special Fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Wood County Treasurer, Jane Spoerl, at 1 Courthouse Square, Bowling Green, Ohio, by phone at (419) 354-9130, or by email at jspoerl@co.wood.oh.us.

The District's accounting basis for all other funds includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Supervisors can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Supervisors amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the special and district funds report all fund balances as *assigned* unless they are restricted or committed. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Unassigned Unassigned fund balance is the residual classification for the special and district funds and includes amounts not included in the other classifications. In other funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$382,312	\$357,807	(\$24,505)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$469,455	\$413,823	\$55,632

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool all funds use, except the Special Fund which is maintained by the Wood County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	\$109,328
Other time deposits (savings and NOW accounts)	68,367
County Treasurer Deposits	74,731
Total deposits	252,426
STAR Ohio	208,304
Total deposits and investments	\$460,730

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1.0 percent during calendar year 2017.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – All Other Revenue

The Ditch Fund received revenue from assessments for ditch cleanout projects during 2017.

Note 10 – Subsequent Event

A \$7,000,000 grant was awarded to the District in 2019 by the Ohio Department of Agriculture. The grant was awarded to soil and water conservation districts in the Western Lake Erie Basin to collaborate on the administration of the Soil and Water Phosphorus Program.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Wood County Soil and Water Conservation District
Wood County
1616 East Wooster Street, Suite 32
Bowling Green, Ohio 43402

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each fund of the Wood County Soil and Water Conservation District, Wood County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 10, 2019 wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

December 10, 2019

**WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT
WOOD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. The following errors were noted in the accompanying financial statements:

- In 2018, receipt, expenditure, and fund balance amounts were improperly posted from the accounting system to the financial statements resulting in multiple reclassifications ranging from \$611 to \$208,299 in the District Fund, \$5 to \$122,955 in the Special Fund, and \$16,117 to \$224,730 in the Other Funds.
- In 2018, the entire District Fund balance was improperly classified as assigned instead of being classified as restricted and unassigned in the amounts of \$67,687 and \$119,568 respectively.
- In 2018, the entire Special Fund balance was improperly classified as assigned instead of being classified as restricted and unassigned in the amounts of \$608 and \$205,863 respectively.
- In 2018, the entire Other Fund balance was improperly classified as assigned instead of being classified as committed in the amount of \$104,233.
- In 2017, receipt, expenditure, and fund balance amounts were improperly posted from the accounting system to the financial statements resulting in multiple reclassifications ranging from \$110 to \$171,462 in the District Fund, \$65 to \$64,049 in the Special Fund, and \$1 to \$49,528 in the Other Funds.
- In 2017, the entire District Fund balance was improperly classified as assigned instead of being classified as restricted and unassigned in the amounts of \$131,270 and \$186,357 respectively.
- In 2017, the entire Special Fund balance was improperly classified as assigned instead of being classified as restricted and unassigned in the amounts of \$4,921 and \$69,815 respectively.
- In 2017, the entire Other Fund balance was improperly classified as assigned instead of being classified as committed in the amount of \$68,367.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Board making misinformed decisions. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors. Additional errors were noted in smaller relative amounts.

To help ensure the District's financial statements and notes to the statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Supervisors, to identify and correct errors and omissions. The District Program Administrator should also review Audit Bulletin 2011-004 for information on GASB Statement No. 54.

Officials Response:

We did not receive a response from Officials to the finding reported above.

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OHIO AUDITOR OF STATE KEITH FABER



WOOD COUNTY SOIL AND WATER CONSERVATION DISTRICT

WOOD 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
DECEMBER 26, 2019**