



OHIO AUDITOR OF STATE
KEITH FABER



**ROSS COUNTY SOIL AND WATER CONSERVATION DISTRICT
ROSS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statements of Receipts, Disbursements, and Charges in Fund Balances (Regulatory Cash Basis) – For Year Ended December 31, 2019	3
Notes to the Financial Statements For Year End December 31, 2019	5
Combined Statements of Receipts, Disbursements, and Charges in Fund Balances (Regulatory Cash Basis) – For Year Ended December 31, 2018	11
Notes to the Financial Statements For Year End December 31, 2018	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ross County Soil and Water Conservation District
Ross County
475 Western Ave., Suite H
Chillicothe, Ohio 45601

To the District Board:

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 Ross County Soil and Water Conservation District, Ross County, (the District) as of and for the years ended December 31, 2019 and 2018.

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, 2019 and 2018, 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 Ross County Soil and Water Conservation District, Ross County as of and for the years ended December 31, 2019 and 2018 in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

Emphasis of Matter

As discussed in Note 9 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2020, 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

July 16, 2020

Ross County Soil and Water Conservation District
Ross County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2019

	District Fund	Special Fund	Change Fund	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	0	250,000	0	250,000
State Government	0	175,727	0	175,727
Federal Government	0	17,300	0	17,300
Sale of Products/Materials	29,630	0	0	29,630
Rentals	4,934	0	0	4,934
Annual Meeting	479	0	0	479
Services	1,240	0	0	1,240
All Other Revenue	367	2,777	0	3,144
<i>Total Cash Receipts</i>	<u>36,650</u>	<u>445,804</u>	<u>0</u>	<u>482,454</u>
Cash Disbursements				
Salaries	0	246,230	0	246,230
Supplies	0	500	0	500
Equipment	0	20,272	0	20,272
Contract Repairs	178	276	0	454
Contract Services/Cost Share Payment	150	962	0	1,112
Contract GIS	0	21,642	0	21,642
Rentals	0	21,519	0	21,519
Service Fees	100	0	0	100
Information and Education	54	964	0	1,018
Travel and Expenses	1,565	3,570	0	5,135
Advertising and Printing	154	2,592	0	2,746
OPERS	0	34,413	0	34,413
Worker's Compensation	0	3,571	0	3,571
Hospitalization	0	73,787	0	73,787
Medicare	0	3,354	0	3,354
Product/Materials for Resale	26,283	0	0	26,283
Training	162	8,529	0	8,691
Annual Meeting/Banquet	1,805	0	0	1,805
<i>Total Cash Disbursements</i>	<u>30,451</u>	<u>442,181</u>	<u>0</u>	<u>472,632</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,199</u>	<u>3,623</u>	<u>0</u>	<u>9,822</u>
<i>Fund Cash Balances, January 1</i>	<u>139,025</u>	<u>206,243</u>	<u>50</u>	<u>345,318</u>
Fund Cash Balances, December 31				
Unassigned (Deficit)	<u>145,224</u>	<u>209,866</u>	<u>50</u>	<u>355,140</u>
<i>Fund Cash Balances, December 31</i>	<u>\$145,224</u>	<u>\$209,866</u>	<u>50</u>	<u>\$355,140</u>

See accompanying notes to the basic financial statements

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Ross County Soil and Water Conservation District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ross County Soil and Water Conservation District, Ross County, (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.

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 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.

Ross County Soil and Water Conservation District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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 2019 budgetary activity appears in Note 3.

Deposits

The Ross County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment pool 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 Ross County Treasurer Stephen A. Neal, Jr., 2 N Paint St Ste F, Chillicothe, OH 45601, Phone 740-702-3080, email: treasurer@rosscountyohio.gov.

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.

Ross County Soil and Water Conservation District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$416,800	\$445,804	\$29,004

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$452,569	\$442,181	\$10,388

Note 4 – Deposits

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

	2019
Demand deposits	145,224
County Treasurer Deposits	209,866
Change Fund	50
Total deposits	355,140

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.

Ross County Soil and Water Conservation District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 5 – Risk Management

The District has addressed various types of risks by participating in Ross County’s purchase of insurance through the County Risk Sharing Authority (CORSA). General liability insurance is maintained in the amount of \$1,000,000 for each occurrence with no annual aggregate, \$1,000,000 for automobile liability, \$1,000,000 for public officials’ errors and omissions liability and \$8,000,000 excess liability. Risk lies with the Ross County Commissioners’ policy.

District employees may participate in county provided health, dental and vision insurance through the County Employees Benefits Consortium of Ohio (CEBCO). This is a fully funded insurance program and is not considered limited risk health insurance.

Workers’ Compensation

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.

Note 6 – Defined Benefit Pension Plans

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, 2019.

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 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 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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.

Ross County Soil and Water Conservation District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 9 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Ross County Soil and Water Conservation District
Ross County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2018

	District Fund	Special Fund	Change Fund	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	0	250,000	0	250,000
State Government	0	159,139	0	159,139
Federal Government	14,141	17,300	0	31,441
Sale of Products/Materials	13,218	0	0	13,218
Rentals	1,844	0	0	1,844
Services	2,132	0	0	2,132
All Other Revenue	59	4,157	0	4,216
<i>Total Cash Receipts</i>	<u>31,394</u>	<u>430,596</u>	<u>0</u>	<u>461,990</u>
Cash Disbursements				
Salaries	0	240,718	0	240,718
Supplies	211	1,018	0	1,229
Equipment	100	3,783	0	3,883
Contract Repairs	35	1,155	0	1,190
Contract Services/Cost Share Payment	0	2,575	0	2,575
Contract GIS	0	4,534	0	4,534
Rentals	0	21,519	0	21,519
Service Fees	2,200	0	0	2,200
Information and Education	318	1,023	0	1,341
Travel and Expenses	2,126	8,475	0	10,601
Advertising and Printing	233	3,805	0	4,038
OPERS	0	33,616	0	33,616
Worker's Compensation	0	3,500	0	3,500
Hospitalization	0	73,787	0	73,787
Medicare	0	3,291	0	3,291
Product/Materials for Resale	12,698	0	0	12,698
Annual Meeting/Banquet	2,170	0	0	2,170
<i>Total Cash Disbursements</i>	<u>20,091</u>	<u>402,799</u>	<u>0</u>	<u>422,890</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,303</u>	<u>27,797</u>	<u>0</u>	<u>39,100</u>
<i>Fund Cash Balances, January 1</i>	<u>127,722</u>	<u>178,446</u>	<u>50</u>	<u>306,218</u>
Fund Cash Balances, December 31				
Assigned		35,769	0	35,769
Unassigned (Deficit)	139,025	170,474	50	309,549
<i>Fund Cash Balances, December 31</i>	<u>\$139,025</u>	<u>\$206,243</u>	<u>50</u>	<u>\$345,318</u>

See accompanying notes to the basic financial statements

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Ross County Soil and Water Conservation District

Ross 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 Ross County Soil and Water Conservation District, Ross County, (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.

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 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.

Ross County Soil and Water Conservation District

Ross 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

The Ross County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment pool 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 Ross County Treasurer Stephen A. Neal, Jr., 2 N Paint St Ste F, Chillicothe, OH 45601, Phone: 740-702-3080, email: treasurer@rosscountyohio.gov.

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.

Ross County Soil and Water Conservation District

Ross 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	\$420,300	\$430,596	\$10,296

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$420,135	\$402,799	\$17,336

Note 4 – Deposits

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

	<u>2018</u>
Demand deposits	139,025
County Treasurer Deposits	206,243
Change Fund	50
Total deposits	<u>345,318</u>

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.

Ross County Soil and Water Conservation District

Ross County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 5 – Risk Management

The District has addressed various types of risks by participating in Ross County's purchase of insurance through the County Risk Sharing Authority (CORSA). General liability insurance is maintained in the amount of \$1,000,000 for each occurrence with no annual aggregate, \$1,000,000 for automobile liability, \$1,000,000 for public officials' errors and omissions liability and \$8,000,000 excess liability. Risk lies with the Ross County Commissioners' policy.

District employees may participate in county provided health, dental and vision insurance through the County Employees Benefits Consortium of Ohio (CEBCO). This is a fully funded insurance program and is not considered limited risk health insurance.

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.

Note 6 – Defined Benefit Pension Plans

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, 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 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for 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.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
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SouthwestRegion@ohioauditor.gov

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

Ross Soil and Water Conservation District
Ross County
475 Western Ave., Suite H
Chillicothe, Ohio 45601

To the District:

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 Ross County Soil and Water District, Ross County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 16, 2020, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

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 opinion 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 2019-001 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.

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

July 16, 2020

**ROSS COUNTY SOIL AND WATER CONSERVATION DISTRICT
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2019-001

Material Weakness

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.

Due to deficiencies in the District's financial statement monitoring and review process, the following conditions were noted related to the District's accounting system:

- Special Fund Balance was incorrectly posted as Unassigned instead of Assigned in the amount of \$35,769 in 2018.
- Special Fund Balance was incorrectly posted as Restricted instead of Unassigned in the amount of \$17,300 in 2019.

The District corrected the financial statements, where appropriate.

Failure to accurately report transactions could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District.

We recommend that the District accurately report financial transactions.

Officials' Response:

We did not receive a response from the District on this Finding.

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OHIO AUDITOR OF STATE KEITH FABER



ROSS COUNTY SOIL AND WATER CONSERVATION DISTRICT

ROSS 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 8/4/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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