



**ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Supervisors
Ashland County Soil and Water Conservation District
1763 State Route 60
Ashland, OH 44805

We have reviewed the *Independent Auditor's Report* of the Ashland County Soil and Water Conservation District, Ashland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2020

This page intentionally left blank.

**ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report..... | 1 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2019 | 3 |
| Notes to the Financial Statements For the Year Ended December 31, 2019 | 4 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2018 | 10 |
| Notes to the Financial Statements For the Year Ended December 31, 2018 | 11 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 17 |

This page intentionally left blank.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

September 30, 2020

Ashland County Soil and Water Conservation District
Ashland County
1763 State Route 60
Ashland, Ohio 44805

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 **Ashland County Soil and Water Conservation District**, Ashland County, Ohio (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 such 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 opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.



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 these 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 Ashland County Soil and Water Conservation District, Ashland 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 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 September 30, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019**

| | District Fund | Special Fund | Totals (Memorandum Only) |
|--|-------------------|------------------|--------------------------------|
| Cash Receipts | | | |
| Grants | | | |
| Grants (ODA Watershed Coordinator Grant) | \$ - | \$ 39,600 | \$ 39,600 |
| Local Government (County appropriation) | - | 78,000 | 78,000 |
| State Government (Ohio Department of Agriculture) | - | 80,200 | 80,200 |
| An Mtg (DF) & County Planning Fees (SF) | 1,373 | 210 | 1,583 |
| Gifts and Contributions (Affiliate Memberships) | 800 | - | 800 |
| Sale of Products/Materials (includes aerial CC) | 43,458 | - | 43,458 |
| Rentals (Drill, Tree Planter, Strawchopper) | 18,191 | - | 18,191 |
| MWCD Cost Share (via ODA) & Farmland Preservation | 36,772 | - | 36,772 |
| All Other Revenue (interest, truck sale) | 13,867 | - | 13,867 |
| <i>Total Cash Receipts</i> | <u>114,461</u> | <u>198,010</u> | <u>312,471</u> |
| Cash Disbursements | | | |
| Salaries | - | 120,046 | 120,046 |
| Supplies & Postage | 2,942 | 3,000 | 5,942 |
| Equipment | 40,501 | 27,209 | 67,710 |
| Cover Crop Fly On | 17,196 | - | 17,196 |
| Contract Services/Cost Share Payment | 33,536 | 2,644 | 36,180 |
| Rentals & Utilities | - | 8,350 | 8,350 |
| Service Fees | - | 1,807 | 1,807 |
| Information and Education | 920 | 389 | 1,309 |
| Travel and Expenses | 4,244 | 4,999 | 9,243 |
| Advertising and Printing | - | 454 | 454 |
| OPERS | - | 16,334 | 16,334 |
| Worker's Compensation | - | 997 | 997 |
| Medicare | - | 1,790 | 1,790 |
| Product/Materials for Resale (Trees, Fish, Plat Books, Fabric) | 20,862 | - | 20,862 |
| Tree Sale Expenses | 505 | - | 505 |
| Other (Cover Crop Fly On) | 1,663 | 10,530 | 12,193 |
| <i>Total Cash Disbursements</i> | <u>122,369</u> | <u>198,549</u> | <u>320,918</u> |
| <i>Net Change in Fund Cash Balances</i> | (7,908) | (539) | (8,447) |
| <i>Fund Cash Balances, January 1</i> | <u>281,730</u> | <u>27,670</u> | <u>309,400</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 6,188 | - | 6,188 |
| Committed | 29,378 | - | 29,378 |
| Assigned | 42,622 | 9,025 | 51,647 |
| Unassigned | 195,634 | 18,106 | 213,740 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 273,822</u> | <u>\$ 27,131</u> | <u>\$ 300,953</u> |

The notes to the financial statements are an integral part of this statement.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND 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 Ashland Soil and Water Conservation District, Ashland 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.

Public Entity Risk Pools

The District participates in public entity risk pools. Note 5 to the financial statements provides additional information for these entities.

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.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 and Investments

The Ashland 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 Ashland County Auditor, Cindy Funk, 142 W. 2nd Street, Ashland, OH 44805 or by phone at 419-282-4324.

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.

Capital Assets

The District owns the following capital assets:

- Slide projector and carrying case
- 3 recycled benches
- Terra plane
- 4 sets of office furniture/desks
- Tailgate straw chopper
- 2020 Chevy Silverado 2500 pick up truck
- 2019 Chevy Equinox
- 2 John Deere 1590 no-till drills (1 10-ft and 1 15-ft)
- Dell computer (DPA)
- Microsoft Surface computer (technician)
- Apple desktop computer (fiscal & communication specialist)
- Cub Cadet side by side all terrain vehicle (includes light bar & GPS)
- GIS surveying equipment
- Box Trailer

The District classifies capital asset items valued at over \$1,000. 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.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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 2019 follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund | Budgeted Receipts | Actual Receipts | Variance |
| Special | \$ 198,944 | \$ 198,010 | \$ (934) |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund | Appropriation Authority | Budgetary Expenditures | Variance |
| Special | \$ 225,679 | \$ 198,549 | \$ 27,130 |

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

The District maintains a deposits and investments pool all funds use, except the Special Fund which is maintained by the Ashland 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>2019</u> |
| Demand deposits (2 Checking) | \$ 18,651 |
| Other time deposits (savings and NOW accounts) | 255,071 |
| County Treasurer Deposits | <u>27,131</u> |
| Total deposits | <u>300,853</u> |
| Change Fund | 100 |
| Total deposits | <u><u>\$ 300,953</u></u> |

Deposits

Deposits at Huntington Bank are insured by the Federal Deposit Insurance Corporation; Sutton Bank is in the process of joining the Ohio Pooled Collateral System, but currently maintains their own pool. As of December 31, 2019, all deposits were insured or collateralized in compliance with Ohio law.

Note 5 – Risk Management

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.

Risk Pool Membership

Through July 31, 2019, the District belonged to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Risk Management (Continued)

Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

| | |
|-----------------|----------------------|
| Assets | \$ 15,920,504 |
| Liabilities | <u>(11,329,011)</u> |
| Members' Equity | <u>\$ 4,591,493</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

In August 2019, the district became a member of the County Risk Sharing Authority, Inc. (CORSA). CORSA assumes the risk of loss up to the limits of the Ashland County Commissioners policy. The commissioners may make supplemental assessments if the experience of the overall pool is unfavorable. CORSA covers the following risks:

- Property
- Automobile
- General Liability

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.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Contingent Liabilities

The District has been notified of potential pending litigation regarding copyright infringement, however, no legal action has been filed at this point. In consultation with our county prosecutor and legal counsel at the Ohio Department of Agriculture, we have reached out to the Ohio Attorney General, who has indicated a willingness to represent and indemnify the District should legal action be initiated. Additionally, our county prosecutor has been in contact with CORSA and they have determined that such legal action would be covered through our CORSA policy. As a result, while management cannot presently determine the outcome of this potential litigation, management believes that resolution of these matters will not materially adversely affect the District's financial condition.

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 – 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 impact on the District's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND 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 | Totals (Memorandum Only) |
|---|-------------------|------------------|--------------------------------|
| Cash Receipts | | | |
| Grants | | | |
| Local Government (County appropriation) | \$ - | \$ 65,000 | \$ 65,000 |
| State Government (Ohio Department of Agriculture) | - | 77,654 | 77,654 |
| County Planning Fees | - | 1,350 | 1,350 |
| Gifts and Contributions (Affiliate Memberships) | 600 | - | 600 |
| Sale of Products/Materials (Trees, Fish, Fabric) | 25,156 | - | 25,156 |
| Rentals (Drill, Tree Planter, Strawchopper) | 15,213 | - | 15,213 |
| MWCD Cost Share (via ODA) & Farmland Preservation | 18,683 | - | 18,683 |
| All Other Revenue (Annual Meeting, Interest) | 2,804 | - | 2,804 |
| <i>Total Cash Receipts</i> | <u>62,456</u> | <u>144,004</u> | <u>206,460</u> |
| Cash Disbursements | | | |
| Salaries | - | 100,406 | 100,406 |
| Supplies | 1,150 | 1,435 | 2,585 |
| Equipment | 25,217 | 9,753 | 34,970 |
| Contract Services/Cost Share Payment | 16,803 | 4,466 | 21,269 |
| Rentals | - | 8,834 | 8,834 |
| Service Fees | 230 | 720 | 950 |
| Information and Education | 506 | 336 | 842 |
| Travel and Expenses | 3,518 | 6,174 | 9,692 |
| Advertising and Printing | 439 | 49 | 488 |
| OPERS | - | 13,236 | 13,236 |
| Worker's Compensation | - | 341 | 341 |
| Medicare | - | 1,456 | 1,456 |
| Product/Materials for Resale (Trees, Fish, Plat, Fabric) | 16,149 | - | 16,149 |
| Vehicle Rental/Liability Insurance | - | 2,190 | 2,190 |
| Previous Year Outstanding Checks | 355 | - | 355 |
| Other | 167 | (169) | (2) |
| <i>Total Cash Disbursements</i> | <u>64,534</u> | <u>149,227</u> | <u>213,761</u> |
| <i>Net Change in Fund Cash Balances</i> | (2,078) | (5,223) | (7,301) |
| <i>Fund Cash Balances, January 1 (Restated - See Note 10)</i> | <u>283,808</u> | <u>32,893</u> | <u>316,701</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 6,188 | - | 6,188 |
| Committed | 36,708 | - | 36,708 |
| Assigned | 41,302 | 26,735 | 68,037 |
| Unassigned | 197,532 | 935 | 198,467 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 281,730</u> | <u>\$ 27,670</u> | <u>\$ 309,400</u> |

The notes to the financial statements are an integral part of this statement.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND 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 Ashland Soil and Water Conservation District, Ashland 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.

Public Entity Risk Pools

The District participates in a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 Ashland 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 Ashland County Auditor, Cindy Funk, 142 W. 2nd Street, Ashland, OH 44805 or by phone at 419-282-4324.

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. For the District Fund and other funds, money market accounts are held and recorded as such.

Capital Assets

The District owns the following capital assets: slide projector and carrying case, terra plate, 3 sets of office furniture/desks, tailgate straw chopper, 2018 Ford truck, 2019 Chevy Equinox, truck cap, 2 John Deere 1590 no-till drills (1 10-ft and 1 15-ft), and a Dell computer.

The District classifies capital asset items valued at over \$1,000. 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.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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 2018 follows:

| 2018 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund | Budgeted Receipts | Actual Receipts | Variance |
| Special | \$ 145,500 | \$ 144,004 | \$ (1,496) |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund | Appropriation Authority | Budgetary Expenditures | Variance |
| Special | \$ 157,000 | \$ 149,227 | \$ 7,773 |

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

The District maintains a deposits and investments pool all funds use, except the Special Fund which is maintained by the Ashland 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 (Checking) | \$ 102,235 |
| Other time deposits (Money Market) | 142,622 |
| Hazel Willis Woods Money Market | 36,708 |
| County Treasurer Deposits | 27,670 |
| Total deposits | 309,235 |
| Petty Cash | 65 |
| Change Fund | 100 |
| Total deposits | \$ 309,400 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool. Sutton Bank is in the process of joining the Ohio Pooled Collateral System, however as of December 31, 2018 they still maintain their own collateral pool. At December 31, 2018, all deposits were insured or collateralized in compliance with Ohio law.

Note 5 – Risk Management

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.

Risk Pool Membership

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Risk Management (Continued)

Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

| | |
|-----------------|---------------------|
| Assets | \$15,065,412 |
| Liabilities | <u>(10,734,623)</u> |
| Members' Equity | <u>\$ 4,330,789</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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, 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.

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 impact on the District's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT
ASHLAND COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 –Restatement of Fund Balance

The District’s fund cash balance in the District Fund at January 1, 2018 has been restated for checks from Fiscal Year 2017 that were voided in Fiscal Year 2018 and for cash on hand that was not included in the prior year fund balance. This resulted in the following changes in fund balance at January 1, 2018:

| | | District Fund |
|--|----|---------------|
| Fund Balance at December 31, 2017 as Previously Reported | \$ | 283,183 |
| Checks from FY 2017 voided in FY 2018 | | 450 |
| Petty Cash not reported in FY 2017 balance | | 75 |
| Change Fund not reported in FY 2017 balance | | 100 |
| Fund Balance January 1, 2018 as Restated | \$ | 283,808 |



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

September 30, 2020

Ashland County Soil and Water Conservation District
Ashland County
1763 State Route 60
Ashland, Ohio 44805

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 Ashland County Soil and Water Conservation District, Ashland 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 September 30, 2020, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits and we 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.



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 communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE KEITH FABER



ASHLAND COUNTY SOIL AND WATER CONSERVATION DISTRICT

ASHLAND 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 12/15/2020

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
www.ohioauditor.gov