

***STARK COUNTY SOIL AND WATER
CONSERVATION DISTRICT***

STARK COUNTY

Regular Audit

For the Years Ended December 31, 2019 and 2018





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Members of the Board
Stark County Soil and Water Conservation District
2650 Richville Drive SE, Suite 100
Massillon, OH 44646

We have reviewed the *Independent Auditor's Report* of the Stark County Soil and Water Conservation District, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 and 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 Stark County Soil and Water Conservation District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2020

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Stark County Soil and Water Conservation District
Stark County
For the Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Stark Soil and Water Conservation District
Stark County
2650 Richville Dr SE, Suite 100
Massillon, Ohio 44646

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 Stark Soil and Water Conservation District, Stark 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.

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, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

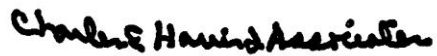
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund, and related notes of the Stark Soil and Water Conservation District, Stark County, Ohio as of and for the years ended December 31, 2019 and 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 May 27, 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.



Charles E. Harris & Associates, Inc.
May 27, 2020

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**STARK SOIL AND WATER CONSERVATION DISTRICT
STARK 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	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$87,500	\$218,000	\$305,500
State Government	-	166,068	166,068
Federal Government	18,972	-	18,972
Sale of Products/Materials	6,575	-	6,575
All Other Revenue	77,659	-	77,659
<i>Total Cash Receipts</i>	<u>190,706</u>	<u>384,068</u>	<u>574,774</u>
Cash Disbursements			
Salaries	-	214,973	214,973
Supplies	1,471	-	1,471
Contract Services/Cost Share Payment	956	-	956
Rentals	-	25,552	25,552
Information and Education	25,285	-	25,285
Travel and Expenses	13,439	-	13,439
Advertising and Printing	275	-	275
OPERS	-	29,456	29,456
Worker's Compensation	-	2,537	2,537
Unemployment Compensation	-	429	429
Hospitalization	-	61,856	61,856
Medicare	-	2,971	2,971
Product/Materials for Resale	4,777	-	4,777
Other	7,084	33,198	40,282
<i>Total Cash Disbursements</i>	<u>53,287</u>	<u>370,972</u>	<u>424,259</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	137,419	13,096	150,515
Other Financing Receipts (Disbursements)			
Transfers In	-	87,929	87,929
Transfers Out	(87,929)	-	(87,929)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(87,929)</u>	<u>87,929</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	49,490	101,025	150,515
<i>Fund Cash Balances, January 1</i>	<u>372,860</u>	<u>60,629</u>	<u>433,489</u>
Fund Cash Balances, December 31			
Assigned	-	703	703
Unassigned (Deficit)	422,350	160,951	583,301
<i>Fund Cash Balances, December 31</i>	<u>\$422,350</u>	<u>\$161,654</u>	<u>\$584,004</u>

See accompanying notes to the financial statements

Soil & Water Conservation District
Stark 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 Soil & Water Conservation District, Stark 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 is dedicated to conserving our natural resources by educating, guiding, and assisting the citizens of Stark County.

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 (that is disbursements and encumbrances) 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.

Soil & Water Conservation District
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (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 Stark 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 Stark County Treasurer's Office, 110 Central Plaza S #250, Canton, OH 44702.

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, the District values money market mutual funds (including STAR Ohio) at cost. Money market mutual funds are recorded with interest on the mutual funds report.

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. The District owns three vehicles: 2014 Ford Explorer, 2014 Ford Focus, and a 2013 GMC Sierra. Other capital assets include all of the office computers, printers, and all of the office furniture. All Capital Assets are listed on the District's Equipment Inventory.

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.

Soil & Water Conservation District
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the Special Fund.

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	\$438,200	\$471,997	\$33,797

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$453,200	\$371,675	\$81,525

Soil & Water Conservation District
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 Stark 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	\$146,983
Star Plus Ohio	275,367
County Treasurer Deposits	<u>161,654</u>
Total deposits	<u>\$584,004</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.

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 of \$1.25 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Soil & Water Conservation District
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District’s 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.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2019</i>	<i>10%</i>	<i>14%</i>

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 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

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the 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, principally the state 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.

Note 9 – Subsequent Event

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 investment portfolio has 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.

**STARK SOIL AND WATER CONSERVATION DISTRICT
STARK 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	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$77,000	\$140,000	\$217,000
State Government	-	123,935	123,935
Federal Government	22,892	-	22,892
Sale of Products/Materials	5,865	-	5,865
All Other Revenue	63,620	1,855	65,475
<i>Total Cash Receipts</i>	<u>169,377</u>	<u>265,790</u>	<u>435,167</u>
Cash Disbursements			
Salaries	-	218,373	218,373
Supplies	213	-	213
Contract Services/Cost Share Payment	4,966	-	4,966
Rentals	-	27,582	27,582
Information and Education	33,511	-	33,511
Travel and Expenses	10,896	-	10,896
Advertising and Printing	21	-	21
OPERS	-	30,468	30,468
Worker's Compensation	-	2,399	2,399
Hospitalization	-	65,019	65,019
Medicare	-	3,000	3,000
Product/Materials for Resale	3,747	-	3,747
Other	6,794	22,751	29,545
<i>Total Cash Disbursements</i>	<u>60,148</u>	<u>369,592</u>	<u>429,740</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	109,229	(103,802)	5,427
Other Financing Receipts (Disbursements)			
Transfers In	-	127,000	127,000
Transfers Out	(127,000)	-	(127,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(127,000)</u>	<u>127,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(17,771)	23,198	5,427
<i>Fund Cash Balances, January 1</i>	<u>390,631</u>	<u>37,431</u>	<u>428,062</u>
Fund Cash Balances, December 31			
Assigned	-	17,198	17,198
Unassigned (Deficit)	372,860	43,431	416,291
<i>Fund Cash Balances, December 31</i>	<u>\$372,860</u>	<u>\$60,629</u>	<u>\$433,489</u>

See accompanying notes to the financial statements

SOIL AND WATER CONSERVATION DISTRICT
STARK COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2018

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Soil and Water Conservation District, Stark County, (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District is dedicated to conserving our natural resources by educating, guiding, and assisting the citizens of Stark County.

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, site review fees, grants and donations.

BASIS OF ACCOUNTING

These financial statements follow the basis of accounting 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.

SOIL AND WATER CONSERVATION DISTRICT
STARK COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY PROCESS

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

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annual approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources: Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 Stark 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 Stark County Treasurer's Office, 110 Central Plaza S #250, Canton, OH 44702.

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 and losses at the time of sale as receipts or disbursements, respectively.

For the District Fund, the District values money market mutual funds at cost. Money market mutual funds are recorded with interest on the mutual funds report.

CAPITAL ASSETS

The District records disbursements for acquisitions of vehicles and equipment when paid. The accompanying financial statements do not report these items as assets. The District owns three vehicles: 2014 Ford Explorer, 2014 Ford Focus, and a 2013 GMC Sierra. Other capital assets include all of the office computers, printers, and all of the office furniture. All Capital Assets are listed on the District's Equipment Inventory.

ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave.

SOIL AND WATER CONSERVATION DISTRICT
STARK COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Board of Supervisors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the Special Fund.

UNASSIGNED: Unassigned fund balance is the residual classification for the special and district funds and includes the 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 or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

SOIL AND WATER CONSERVATION DISTRICT
STARK COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2018

NOTE 3 – SPECIAL FUND BUDGETARY ACTIVITY

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

2018 Budgeted vs Actual Receipts

<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Special	\$390,930	\$ 392,790	\$ 1,860

2018 Budgeted vs Actual Budgetary Basis Disbursements

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
Special	\$382,600	\$ 371,790	\$ 10,810

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 Stark 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	\$133,067
Money Market	239,793
County Treasurer Deposits	<u>60,629</u>
Total Deposits	<u>\$433,489</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the District, or collateralized by the financial institution’s public entity deposit pool. At December 31, 2018 all deposits were insured.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through Ohio Bureau of Worker’s Comp. Workers’ Compensation coverage is provided by the State of Ohio. The District pays the State Workers’ Compensation System a premium based on a rate of \$1.25 per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

SOIL AND WATER CONSERVATION DISTRICT
STARK COUNTY

Notes to the Financial Statements
For the Year Ending December 31, 2018

NOTE 5 – RISK MANAGEMENT (CONTINUED)

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The District's 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. For 2018, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

NOTE 7 – POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 of both the traditional pension and the combined plans. 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.

NOTE 8 – CONTINGENT LIABILITIES

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the 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, principally the state 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.

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

Stark Soil and Water Conservation District
Stark County
2650 Richville Dr SE, Suite 100
Massillon, Ohio 44646

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 Stark County Soil and Water Conservation District, Stark 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 May 27, 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 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.

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*.

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 27, 2020.

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.



Charles E. Harris and Associates, Inc.
May 27, 2020

OHIO AUDITOR OF STATE KEITH FABER



STARK COUNTY SOIL AND WATER CONSERVATION DISTRICT

STARK 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
JULY 9, 2020**