



**MONROE COUNTY SOIL AND WATER CONSERVATION DISTRICT
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018

**MONROE COUNTY SOIL AND WATER CONSERVATION DISTRICT
MONROE COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Monroe County Soil and Water Conservation District
Monroe County
117 North Main Street, 3rd Floor
Woodsfield, Ohio 43793

To the Board of Directors:

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 Monroe County Soil and Water Conservation District, Monroe 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 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, 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 Monroe County Soil and Water Conservation District, Monroe 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 8 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 July 15, 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 15, 2020

Monroe County Soil and Water Conservation District

Monroe 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			
Taxes	\$0	\$166,127	\$166,127
Grants			
Local Government	1,140	1,522	2,662
State Government	14,000	133,729	147,729
Gifts and Contributions	1,350	0	1,350
Sale of Products/Materials	23,037	0	23,037
Rentals	7,923	0	7,923
All Other Revenue	1,184	15,348	16,532
<i>Total Cash Receipts</i>	<u>48,634</u>	<u>316,726</u>	<u>365,360</u>
Cash Disbursements			
Salaries	0	104,136	104,136
Supplies	34	11,261	11,295
Equipment	30,016	43,921	73,937
Contract Repairs	0	738	738
Contract Services/Cost Share Payment	1,124	15,909	17,033
Rentals	1,958	10,230	12,188
Service Fees	0	3,551	3,551
Information and Education	450	1,000	1,450
Travel and Expenses	0	9,469	9,469
Advertising and Printing	0	7,988	7,988
OPERS	0	14,517	14,517
Worker's Compensation	0	1,170	1,170
Hospitalization	0	20,592	20,592
Medicare	0	1,510	1,510
Product/Materials for Resale	7,372	0	7,372
Annual Meeting/Banquet	25	0	25
Other	27	42	69
<i>Total Cash Disbursements</i>	<u>41,006</u>	<u>246,034</u>	<u>287,040</u>
<i>Net Change in Fund Cash Balances</i>	7,628	70,692	78,320
<i>Fund Cash Balances, January 1</i>	<u>91,818</u>	<u>352,283</u>	<u>444,101</u>
Fund Cash Balances, December 31			
Unassigned	<u>99,446</u>	<u>422,975</u>	<u>522,421</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$99,446</u></u>	<u><u>\$422,975</u></u>	<u><u>\$522,421</u></u>

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

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Monroe County Soil and Water Conservation District

Monroe 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 Monroe Soil and Water Conservation District, Monroe 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.

Deposits and Investments

The Monroe 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 Monroe County Treasurer Taylor Abbott at 101 North Main Street, Woodsfield, Ohio 43793 or by phone at 740-472-1521.

Monroe County Soil and Water Conservation District

Monroe County

Notes to the Financial Statements

For the Year Ended December 31, 2019

(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 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.

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.

Monroe County Soil and Water Conservation District

Monroe County

Notes to the Financial Statements

For the Year Ended December 31, 2019

(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 – Deposits and Investments

The District maintains a deposits and investments pool all funds use, except the Special Fund which is maintained by the Monroe 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	\$38,970
Certificates of deposit	60,476
County Treasurer Deposits	<u>422,975</u>
Total deposits	<u><u>\$522,421</u></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 4 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Supervisors adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as State Government Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the District.

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.

Monroe County Soil and Water Conservation District

Monroe County

Notes to the Financial Statements

For the Year Ended December 31, 2019

(Continued)

Note 5 – Risk Management (Continued)

Risk Pool Membership

The District is included under the Monroe County's membership of the County Risk Sharing Authority, Inc. (CORSA) Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the County's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

Health insurance is offered to full time employees through the County's policy.

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 – 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, and any recovery from emergency funding, either federal or state, cannot be estimated.

Monroe County Soil and Water Conservation District

Monroe 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			
Taxes	\$0	\$128,890	\$128,890
Grants			
Local Government	0	2,262	2,262
State Government	10,600	92,845	103,445
Gifts and Contributions	7,850	0	7,850
Sale of Products/Materials	5,736	0	5,736
Rentals	8,267	0	8,267
All Other Revenue	646	15,000	15,646
<i>Total Cash Receipts</i>	<u>33,099</u>	<u>238,997</u>	<u>272,096</u>
Cash Disbursements			
Salaries	0	78,520	78,520
Supplies	664	2,436	3,100
Equipment	128	3,196	3,324
Contract Repairs	0	651	651
Contract Services/Cost Share Payment	5,200	8,441	13,641
Rentals	2,311	7,200	9,511
Service Fees	0	1,717	1,717
Information and Education	5,477	0	5,477
Travel and Expenses	0	7,615	7,615
Advertising and Printing	1,259	4,140	5,399
OPERS	0	10,578	10,578
Worker's Compensation	0	816	816
Hospitalization	0	18,526	18,526
Medicare	0	1,139	1,139
Product/Materials for Resale	4,627	0	4,627
Annual Meeting/Banquet	1,920	0	1,920
Other	0	2	2
<i>Total Cash Disbursements</i>	<u>21,586</u>	<u>144,977</u>	<u>166,563</u>
<i>Net Change in Fund Cash Balances</i>	11,513	94,020	105,533
<i>Fund Cash Balances, January 1</i>	<u>80,305</u>	<u>258,263</u>	<u>338,568</u>
Fund Cash Balances, December 31			
Unassigned	<u>91,818</u>	<u>352,283</u>	<u>444,101</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$91,818</u></u>	<u><u>\$352,283</u></u>	<u><u>\$444,101</u></u>

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Monroe County Soil and Water Conservation District

Monroe County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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Monroe County Soil and Water Conservation District

Monroe County

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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Monroe County Soil and Water Conservation District

Monroe County

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 – Deposits and Investments

The District maintains a deposits and investments pool all funds use, except the Special Fund which is maintained by the Monroe 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	\$18,991
Certificates of deposit	72,827
County Treasurer Deposits	<u>352,283</u>
Total deposits	<u><u>\$444,101</u></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 4 – Property Taxes

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Note 5 – Risk Management

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Monroe County Soil and Water Conservation District

Monroe County

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Continued)

Note 5 – Risk Management (Continued)

Risk Pool Membership

The District is included under the Monroe County's membership of the County Risk Sharing Authority, Inc. (CORSA) Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the County's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
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Health insurance is offered to full time employees through the County's policy

Note 6 – Defined Benefit Pension Plans

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Note 8 – 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, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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The Plains, Ohio 45780-1231
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

Monroe County Soil and Water Conservation District
Monroe County
117 North Main Street, 3rd Floor
Woodsfield, Ohio 43793

To the Board of Directors:

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 Monroe County Soil and Water Conservation District, Monroe County, Ohio (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 15, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

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 a 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. We consider finding 2019-001 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2019-002 and 2019-003 described in the accompanying Schedule of Findings to be significant deficiencies.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2019-002.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

July 15, 2020

**MONROE COUNTY SOIL AND WATER CONSERVATION DISTRICT
MONROE COUNTY**

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

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

The District should maintain an accounting system and accounting records sufficient to enable the District to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. The District did not always classify receipts and expenditures into accurate classifications on the financial statements.

We noted the following:

- Transfers between bank accounts were incorrectly posted to Transfers In in the amount of \$28,281 and Transfers Out in the amount of \$15,000 in the District Fund in 2019.
- CAUV Inspection Contracts in the amount of \$15,000 were posted to Grants-Local Government instead of All Other Revenue in the Special Fund in both 2019 and 2018.
- Property tax receipts in the amount of \$166,127 and \$128,890 were posted to Grants-Local Government instead of Taxes in the Special Fund in 2019 and 2018, respectively.
- The fund balances of certificates of deposits in the amounts of \$72,878 and \$72,253, and interest earned on these certificates in the amounts of \$929 and \$625 were not posted to the financial statements in the District Fund in 2019 and 2018, respectively.

The adjustments noted above, with which management agrees, are reflected in the accompanying financial statements.

We also noted the following:

- Rentals Revenue and Rentals Expenses were understated in the amount of \$1,050 in the District Fund in 2019.
- Tires for rental equipment in the amount of \$702 was posted to Equipment instead of Rentals in the District Fund in 2019.
- Property tax receipts were posted at net instead of gross, resulting in Taxes and Deductions being understated, in the amount of \$3,811 and \$3,881 in the Special Fund in 2019 and 2018, respectively.
- A workers compensation refund in the amount of \$657 was posted to Grants-Local Government instead of All Other Revenue in the Special Fund in 2018.
- Transportation to a tree farm event in the amount of \$143 was posted to Advertising and Printing instead of Information and Education in the District Fund in 2018.

As these errors are not significant to the opinion units affected in 2019 or 2018, the adjustments noted above were agreed to by management but will not be posted to the financial statements.

**MONROE COUNTY SOIL AND WATER CONSERVATION DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2019-001
(Continued)**

Material Weakness (Continued)

The District did not have a control process in place to help ensure receipts and expenditures are recorded in the correct classification.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the District's financial position and operations.

The District should take the necessary steps to ensure that all receipt and expenditure transactions are properly presented on the District's financial statements.

FINDING NUMBER 2019-002

Noncompliance and Significant Deficiency

Ohio Rev. Code § 149.351(A) states, in part, all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under §§149.38 to 149.42 of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred or destroyed unlawfully.

The District did not retain the original order forms for tree and seed sales to support the amount of \$4,726 posted to Sales of Products/Materials on the financial statements for 2018.

This deficiency was a result of inadequate policies and procedures over maintaining financial information. The failure to properly maintain supporting documentation increases the risk that theft, fraud, or errors could occur and not be detected in a timely manner.

The District should establish and implement procedures to verify that all records and documentation are properly maintained.

FINDING NUMBER 2019-003

Significant Deficiency

Per the District credit card policy, credit card receipts must be turned in to the Project Manager within five days of the purchase. All receipts must provide an itemized list of each item purchased. The Soil and Water Conservation District Handbook also states that travel expenditures include tips for meals not to exceed 15% of the meal cost.

We noted that 38% of credit card transactions for meals totaling \$538 did not have an itemized detailed receipt attached. We also noted that there was \$111 in tips paid over the 15% allowable amount.

Failure to maintain organized underlying documentation and support of financial transactions can increase the risk of fraud, inaccurate financial statements, and expenditures that are not for a proper public purpose.

**MONROE COUNTY SOIL AND WATER CONSERVATION DISTRICT
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2019-003
(Continued)**

Significant Deficiency (Continued)

The District Board needs to enforce their credit card policy and personnel policy manual, consider limiting the use of the credit card and stripping the use of credit cards from employees who fail to follow the policies. In the future, these unsupported transactions and tips exceeding 15% will lead to Findings for Recovery.

The Project Manager and Board of Directors should review the detailed credit card statements each month and ensure that all transactions have supporting documentation, and that tips do not exceed 15% of the total meal.

Officials' Response: We did not receive a response from Officials to the findings reported above.

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OHIO AUDITOR OF STATE KEITH FABER



MONROE COUNTY SOIL AND WATER CONSERVATION DISTRICT

MONROE 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 28, 2020**