



OHIO AUDITOR OF STATE
KEITH FABER



**FULTON SOIL AND WATER CONSERVATION DISTRICT
FULTON COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Fulton Soil and Water Conservation District
Fulton County
8770 State Route 108, Suite B
Wauseon, Ohio 43567

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 Fulton Soil and Water Conservation District, Fulton County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit 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, 2018 and 2017, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 24, 2019

Fulton Soil and Water Conservation District
Fulton 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	\$3,200	\$246,125	\$249,325
State Government	73,181	165,919	239,100
Federal Government	257,472	57,597	315,069
Gifts and Contributions	100		100
Sale of Products/Materials	55,856		55,856
Rentals	2,224		2,224
Other Revenue	67,016	4,029	71,045
<i>Total Cash Receipts</i>	<u>459,049</u>	<u>473,670</u>	<u>932,719</u>
Cash Disbursements			
Salaries		272,091	272,091
Supplies	1,439	4,492	5,931
Equipment	300	60,287	60,587
Contract Repairs	62	692	754
Contract Services/Cost Share Payment	1,407	16,279	17,686
Rentals		78,955	78,955
Service Fees	4,345	704	5,049
Information and Education	1,727	2,185	3,912
Travel and Expenses	5,151	11,110	16,261
Advertising and Printing	2,366	4,775	7,141
OPERS		37,178	37,178
Worker's Compensation		3,040	3,040
Hospitalization		65,360	65,360
Medicare		2,943	2,943
Product/Materials for Resale	50,728		50,728
Vehicle Rental / Liability Insurance		3,511	3,511
Annual Meeting/Banquet	1,280		1,280
Other	310,970	2,955	313,925
<i>Total Cash Disbursements</i>	<u>379,775</u>	<u>566,557</u>	<u>946,332</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>79,274</u>	<u>(92,887)</u>	<u>(13,613)</u>
Other Financing Receipts (Disbursements)			
Transfers In		100,000	100,000
Transfers Out	(100,000)		(100,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(100,000)</u>	<u>100,000</u>	
<i>Net Change in Fund Cash Balances</i>	(20,726)	7,113	(13,613)
<i>Fund Cash Balances, January 1</i>	<u>502,633</u>	<u>26,865</u>	<u>529,498</u>
Fund Cash Balances, December 31			
Restricted	45,439		45,439
Assigned		29,537	29,537
Unassigned	436,468	4,441	440,909
<i>Fund Cash Balances, December 31</i>	<u>\$481,907</u>	<u>\$33,978</u>	<u>\$515,885</u>

See accompanying notes to the basic financial statements

Fulton Soil and Water Conservation District

Fulton 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 Fulton Soil and Water Conservation District, Fulton 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.

Fulton Soil and Water Conservation District

Fulton County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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

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 Fulton 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 Fulton County Treasurer's Office, Char Lee, Fulton County Treasurer, 152 S. Fulton St, Wauseon, OH 43567, phone 419-337-9252, cle@fultoncountyoh.com.

The District's accounting basis for the District fund 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, money market mutual funds (including STAR Ohio) are recorded at share values 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.

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.

Fulton Soil and Water Conservation District

Fulton County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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 December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$581,072	\$573,670	(\$7,402)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$605,606	\$566,557	\$39,049

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool for the District Fund. The Fulton County Treasurer maintains a deposit and investments pool for the Special Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Fulton Soil and Water Conservation District

Fulton County

Notes to the Financial Statements

For the Year Ended December 31, 2018

	<u>2018</u>
Demand deposits	\$174,487
County Treasurer Deposits	<u>33,978</u>
Total deposits	208,465
STAR Ohio	<u>307,420</u>
Total deposits and investments	<u><u>\$515,885</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.

Investments

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

Note 5 – Risk Management

Risk Pool Membership

The Fulton County Commissioners, on behalf of County departments including the District is a member of the County Risk Sharing Authority (CORSA), a property and liability risk sharing pool established by the County Commissioners Association of Ohio (CCAO). The District shares the cost of membership and are billed accordingly.

The Pool reported the following summary of assets, liabilities, and net position to pay those liabilities as of April 30:

	<u>2018</u>
Assets	\$123,215,884
Liabilities	\$28,613,348
Net Position	\$94,602,536

Health Insurance

The Fulton County Commissioners, on behalf of County departments including the District participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claim contingency reserve fund, as well as the fixed costs of the consortium. The District shares the cost of membership and are billed accordingly.

The Pool reported the following summary of assets, liabilities, and net position to pay those liabilities as of December 31:

Fulton Soil and Water Conservation District
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

	<u>2018</u>
Assets	\$84,128,280
Liabilities	\$20,118,305
Net Position	\$64,009,975

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 7 – Postemployment Benefits

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

Note 8 – Contingent Liabilities

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

Fulton Soil and Water Conservation District
Fulton County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2017

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$1,000	\$246,125	\$247,125
State Government	201,044	146,620	347,664
Federal Government	132,587		132,587
Gifts and Contributions	190		190
Sale of Products/Materials	64,207		64,207
Rentals	17,139		17,139
Other Revenue	32,204	3,250	35,454
<i>Total Cash Receipts</i>	<u>448,371</u>	<u>395,995</u>	<u>844,366</u>
Cash Disbursements			
Salaries		251,299	251,299
Supplies	578	5,038	5,616
Equipment	1,022	3,982	5,004
Contract Repairs		957	957
Contract Services/Cost Share Payment	1,295	17,539	18,834
Rentals	2,538	78,955	81,493
Service Fees	4,620	1,102	5,722
Information and Education	1,208	2,731	3,939
Travel and Expenses	7,006	11,796	18,802
Advertising and Printing	3,184	4,997	8,181
OPERS		34,881	34,881
Worker's Compensation		3,419	3,419
Hospitalization		52,160	52,160
Medicare		2,742	2,742
Product/Materials for Resale	68,940		68,940
Vehicle Rental / Liability Insurance	1,696	3,483	5,179
Annual Meeting/Banquet	823		823
Other	269,031	3,493	272,524
<i>Total Cash Disbursements</i>	<u>361,941</u>	<u>478,574</u>	<u>840,515</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>86,430</u>	<u>(82,579)</u>	<u>3,851</u>
Other Financing Receipts (Disbursements)			
Transfers In		84,910	84,910
Transfers Out	(84,910)		(84,910)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(84,910)</u>	<u>84,910</u>	
<i>Net Change in Fund Cash Balances</i>	1,520	2,331	3,851
<i>Fund Cash Balances, January 1</i>	<u>501,113</u>	<u>24,534</u>	<u>525,647</u>
Fund Cash Balances, December 31			
Restricted	57,849		57,849
Assigned		24,534	24,534
Unassigned	444,784	2,331	447,115
<i>Fund Cash Balances, December 31</i>	<u>\$502,633</u>	<u>\$26,865</u>	<u>\$529,498</u>

See accompanying notes to the basic financial statements

Fulton Soil and Water Conservation District

Fulton County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 1 – Reporting Entity

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

Fulton Soil and Water Conservation District

Fulton County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Fulton 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 Fulton County Treasurer's Office, Char Lee, Fulton County Treasurer, 152 S. Fulton St, Wauseon, OH 43567, phone 419-337-9252, cle@fultoncountyoh.com.

The District's accounting basis for the District fund 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, money market mutual funds (including STAR Ohio) are recorded at share values 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.

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.

Fulton Soil and Water Conservation District

Fulton County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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 December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$503,404	\$480,905	(\$22,499)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$527,938	\$478,574	\$49,364

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool for the District Fund. The Fulton County Treasurer maintains a deposit and investments pool for the Special Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Fulton Soil and Water Conservation District

Fulton County

Notes to the Financial Statements

For the Year Ended December 31, 2017

	<u>2017</u>
Demand deposits	\$224,949
County Treasurer Deposits	<u>26,865</u>
Total deposits	251,814
STAR Ohio	<u>277,684</u>
Total deposits and investments	<u><u>\$529,498</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.

Investments

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

Note 5 – Risk Management

Risk Pool Membership

The Fulton County Commissioners, on behalf of County departments including the District is a member of the County Risk Sharing Authority (CORSA), a property and liability risk sharing pool established by the County Commissioners Association of Ohio (CCAO). The District shares the cost of membership and are billed accordingly.

The Pool reported the following summary of assets, liabilities, and net position to pay those liabilities as of April 30:

	<u>2017</u>
Assets	\$123,062,621
Liabilities	\$30,836,698
Net Position	\$92,225,923

Health Insurance

The Fulton County Commissioners, on behalf of County departments including the District participates in the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claim contingency reserve fund, as well as the fixed costs of the consortium. The District shares the cost of membership and are billed accordingly.

The Pool reported the following summary of assets, liabilities, and net position to pay those liabilities as of December 31:

Fulton Soil and Water Conservation District
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

	<u>2017</u>
Assets	\$78,382,155
Liabilities	\$19,788,146
Net Position	\$58,594,009

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, 2017.

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2017.

Note 8 – Contingent Liabilities

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



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Fulton Soil and Water Conservation District
Fulton County
8770 State Route 108, Suite B
Wauseon, Ohio 43567

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 Fulton Soil and Water Conservation District, Fulton County, Ohio (the District) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2019 wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement

amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

October 24, 2019

**FULTON SOIL AND WATER CONSERVATION DISTRICT
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the District's activity. The District should have procedures in place to prevent or detect material misstatements for the accurate presentation of the District's financial statements.

The following errors required adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2018:

- Special Fund assigned fund balance in the amount of \$29,537 for subsequent year appropriations in excess of estimated receipts has been reclassified from unassigned and District Fund unassigned fund balance in the amount of \$114,116 has been reclassified from assigned fund balance in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB Cod 1800.165-.179);
- District Fund other cash disbursements and Special Fund other cash revenues in the amount of \$100,000 were reclassified to transfers out and transfer in respectively in those two funds for transfers being recorded incorrectly;
- Special Fund other cash revenues in the amount of \$8,000 and District Fund local government revenues in the amount of \$42,560 were reclassified to state government for the Special Fund and \$1,300 to state government and \$41,260 to other cash receipts for the District Fund, respectively, for revenues being recorded incorrectly.

The following errors required adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2017:

- Special Fund assigned fund balance in the amount of \$24,534 for subsequent year appropriations in excess of estimated receipts has been reclassified from unassigned and District Fund unassigned fund balance in the amount of \$93,763 has been reclassified from assigned fund balance in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB Cod 1800.165-.179).
- District Fund local government revenues in the amount of \$18,451 were reclassified to other cash receipts for revenues being recorded incorrectly.

These errors were not identified and corrected prior to the District preparing its financial statements due to deficiencies in the District's internal controls over financial statement monitoring. The accompanying financial statements, notes to the financial statements, and, where applicable, the District's accounting records have been adjusted to reflect these changes. Failing to prepare accurate financial statements could lead to the Board or financial statement user to make misinformed decisions. Additional errors were noted in smaller relative amounts.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the District should adopt policies and

procedures, including a final review of the statements and notes to the financial statements by the District Administrator and Board of Supervisors. The District Administrator can refer to Auditor of State Bulletin 2011-004 for information on GASB Statement No. 54.

Officials' Response:

We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



FULTON SOIL AND WATER CONSERVATION DISTRICT

FULTON 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
NOVEMBER 7, 2019**