



Dave Yost • Auditor of State

**JACKSON COUNTY SOIL AND WATER CONSERVATION DISTRICT
JACKSON COUNTY
DECEMBER 31, 2017 AND 2016**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - For the Year Ended December 31, 2017	3
Notes to the Financial Statements – For the Year Ended December 31, 2017	5
Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - For the Year Ended December 31, 2016	9
Notes to the Financial Statements – For the Year Ended December 31, 2016	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Jackson County Soil and Water Conservancy District
Jackson County
2026 Fairgreens Rd
Jackson, Ohio 45640

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 Jackson County Soil and Water Conservation District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Agriculture, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Agriculture permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2017 and 2016, 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, and related notes of the Jackson County Soil and Water Conservation District, Jackson County, Ohio, as of and for the years ended December 31, 2017 and 2016 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 22, 2018, 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.



Dave Yost
Auditor of State
Columbus, Ohio

October 22, 2018

Jackson County Soil and Water Conservation District*Jackson County, Ohio**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	\$0	\$17,000	\$17,000
State Government	6,000	55,792	61,792
Federal Government	335	0	335
Gifts and Contributions	10	0	10
Sale of Products/Materials	8,578	0	8,578
All Other Revenue	1,704	396	2,100
<i>Total Cash Receipts</i>	<u>16,627</u>	<u>73,188</u>	<u>89,815</u>
Cash Disbursements			
Salaries	0	46,118	46,118
Supplies	1,575	0	1,575
Equipment	0	3,350	3,350
Contract Repairs	456	0	456
Contract Services/Cost Share Payment	1,834	5,360	7,194
Information and Education	861	0	861
Travel and Expenses	2,060	0	2,060
Advertising and Printing	297	0	297
OPERS	0	6,214	6,214
Worker's Compensation	0	401	401
Medicare	0	666	666
Product/Materials for Resale	6,507	0	6,507
Other	1,188	0	1,188
<i>Total Cash Disbursements</i>	<u>14,778</u>	<u>62,109</u>	<u>76,887</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,849</u>	<u>11,079</u>	<u>12,928</u>
Other Financing Receipts (Disbursements)			
Transfers In	2,179	0	2,179
Transfers Out	0	(2,179)	(2,179)
Other Financing Sources	211	0	211
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,390</u>	<u>(2,179)</u>	<u>211</u>
<i>Net Change in Fund Cash Balances</i>	4,239	8,900	13,139
<i>Fund Cash Balances, January 1</i>	<u>4,959</u>	<u>67,125</u>	<u>72,084</u>
Fund Cash Balances, December 31			
Committed	100	0	100
Unassigned (Deficit)	9,098	76,025	85,123
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,198</u></u>	<u><u>\$76,025</u></u>	<u><u>\$85,223</u></u>

See accompanying notes to the financial statements

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Jackson County Soil and Water Conservation District

Jackson 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 the Jackson County Soil and Water Conservation District, Jackson County, (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District provides local leadership in the conservation of natural resources and stewardship of agricultural lands.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all funds.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

Special Fund The special fund is the primary fund used for day to day operations and expenditures including payroll and benefits. The District records all amounts received from the State, local, or federal governments in this fund. The County Auditor also maintains an accounting of this fund.

District Fund The district fund accounts for and reports revenues from district sales and equipment rentals, grants and donations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Agriculture. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters the Ohio Department of Agriculture requires.

Budgetary Process

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

Appropriations Budgetary expenditures may not exceed appropriations at the fund, 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.

Jackson County Soil and Water Conservation District

Jackson County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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 Special fund budgetary activity appears in Note 3.

Deposits and Investments

The Jackson 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 Jackson County. B. Lee Hubbard, Jackson County Treasurer, 226 E Main St., Suite 5, Jackson, Ohio 45640, (740) 286-2402.

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.

Jackson County Soil and Water Conservation District

Jackson County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$73,188	\$73,188	\$0

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$80,200	\$64,288	\$15,912

Note 4 – Deposits

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

	<u>2017</u>
Demand deposits	\$9,198
County Treasurer Deposits	<u>76,025</u>
Total deposits	<u>85,223</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation

Jackson County Soil and Water Conservation District

Jackson County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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 cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a 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 1.0 percent during calendar year 2017.

Jackson County Soil and Water Conservation District*Jackson County, Ohio**Statement of Receipts, Disbursements**and Changes in Fund Balances (Regulatory Cash Basis)**For the Year Ended December 31, 2016*

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$0	\$16,500	\$16,500
State Government	1,200	44,116	45,316
Federal Government	694	0	694
Gifts and Contributions	5	0	5
Sale of Products/Materials	3,994	0	3,994
All Other Revenue	1,290	0	1,290
<i>Total Cash Receipts</i>	<u>7,183</u>	<u>60,616</u>	<u>67,799</u>
Cash Disbursements			
Salaries	0	29,655	29,655
Supplies	682	0	682
Contract Repairs	45	0	45
Contract Services/Cost Share Payment	3,368	3,360	6,728
Service Fees	518	0	518
Information and Education	960	0	960
Travel and Expenses	3,469	0	3,469
Advertising and Printing	63	0	63
OPERS	0	4,046	4,046
Worker's Compensation	0	800	800
Medicare	0	407	407
Product/Materials for Resale	2,896	0	2,896
Annual Meeting/Banquet	868	0	868
Other	260	0	260
<i>Total Cash Disbursements</i>	<u>13,129</u>	<u>38,268</u>	<u>51,397</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,946)</u>	<u>22,348</u>	<u>16,402</u>
Other Financing Receipts (Disbursements)			
Transfers In	2,168	0	2,168
Transfers Out	0	(2,168)	(2,168)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,168</u>	<u>(2,168)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(3,778)	20,180	16,402
<i>Fund Cash Balances, January 1</i>	<u>8,737</u>	<u>46,945</u>	<u>55,682</u>
Fund Cash Balances, December 31			
Committed	100	0	100
Unassigned (Deficit)	4,859	67,125	71,984
<i>Fund Cash Balances, December 31</i>	<u><u>\$4,959</u></u>	<u><u>\$67,125</u></u>	<u><u>\$72,084</u></u>

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Jackson County Soil and Water Conservation District

Jackson County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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These statements include adequate disclosure of material matters the Ohio Department of Agriculture requires.

Budgetary Process

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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.

Jackson County Soil and Water Conservation District

Jackson County

Notes to the Financial Statements

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Jackson County Soil and Water Conservation District

Jackson County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$60,616	\$60,616	\$0

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$60,353	\$40,436	\$19,917

Note 4 – Deposits

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

Demand deposits	2016
County Treasurer Deposits	\$4,959
Total deposits	67,125
	72,084

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation

Jackson County Soil and Water Conservation District

Jackson County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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

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Dave Yost • Auditor of State

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

Jackson County Soil and Water Conservation District
Jackson County
2026 Fairgreens Rd
Jackson, Ohio 45640

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 Jackson County Soil and Water Conservation District, Jackson County, Ohio (the District), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated October 22, 2018, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture 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. 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*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

October 22, 2018



Dave Yost • Auditor of State

JACKSON COUNTY SOIL AND WATER CONSERVATION DISTRICT

JACKSON 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 15, 2018**