

***CARROLL COUNTY SOIL AND WATER  
CONSERVATION DISTRICT***

***CARROLL COUNTY***

Regular Audit

For the Years Ended December 31, 2019 and 2018







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Board of Supervisors  
Carroll Soil and Water Conservation District  
613 North High Street  
Carrollton, Ohio 44615

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

June 10, 2020

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*Carroll County Soil and Water Conservation District*

*Carroll County*

For the Years Ended December 31, 2019 and 2018

**Table of Contents**

<b>Title</b>	<b>Page</b>
Independent Auditor’s Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2019.....	3
Notes to the Financial Statements – For the Year Ended December 31, 2019.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2018.....	9
Notes to the Financial Statements – For the Year Ended December 31, 2018.....	10
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	15

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**INDEPENDENT AUDITOR'S REPORT**

Carroll Soil and Water Conservation District  
Carroll County  
613 North High Street  
Carrollton, Ohio 44615

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 Carroll Soil and Water Conservation District, Carroll County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

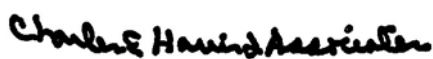
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund, and related notes of the Carroll Soil and Water Conservation District, Carroll County, Ohio as of and for the years ended December 31, 2019 and 2018, in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, during 2019, 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 April 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.



*Charles E. Harris & Associates, Inc.*  
April 15, 2020



**CARROLL SOIL AND WATER CONSERVATION DISTRICT  
CARROLL 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	Other Funds	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants				
Local Government	-	\$ 138,758	-	\$ 138,758
State Government	\$ 500	113,220	-	113,720
Gifts and Contributions	967	-	\$ 2,807	3,774
Sale of Products/Materials	7,352	-	291	7,643
Rentals	16,712	-	-	16,712
All Other Revenue	879	2,184	-	3,063
<i>Total Cash Receipts</i>	<u>26,410</u>	<u>254,162</u>	<u>3,098</u>	<u>283,670</u>
<b>Cash Disbursements</b>				
Salaries	-	131,814	-	131,814
Supplies	3,469	2,618	1,423	7,510
Equipment	43,173	28,009	-	71,182
Contract Repairs	1,913	-	-	1,913
Contract Services/Cost Share Payment	39,742	6,418	-	46,160
Rentals	186	-	-	186
Service Fees	566	3,389	493	4,448
Information and Education	489	1,513	124	2,126
Travel and Expenses	1,569	3,995	-	5,564
Advertising and Printing	1,284	1,090	509	2,883
OPERS	-	17,871	-	17,871
Worker's Compensation	-	1,272	-	1,272
Hospitalization	-	26,433	-	26,433
Medicare	-	2,014	-	2,014
Product/Materials for Resale	4,855	-	-	4,855
Vehicle Rental/Liability Insurance	-	4,253	-	4,253
Annual Meeting/Banquet	675	-	-	675
Other	13	-	-	13
<i>Total Cash Disbursements</i>	<u>97,934</u>	<u>230,689</u>	<u>2,549</u>	<u>331,172</u>
<i>Net Change in Fund Cash Balances</i>	(71,524)	23,473	549	(47,502)
<i>Fund Cash Balances, January 1</i>	<u>147,965</u>	<u>105,096</u>	<u>4,466</u>	<u>257,527</u>
<b>Fund Cash Balances, December 31</b>				
Committed	-	-	5,015	5,015
Unassigned (Deficit)	<u>76,441</u>	<u>128,569</u>	<u>-</u>	<u>205,010</u>
<i>Fund Cash Balances, December 31</i>	<u>\$76,441</u>	<u>\$128,569</u>	<u>\$5,015</u>	<u>\$210,025</u>

*See accompanying notes to the financial statements*

# Carroll Soil and Water Conservation District

Carroll County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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## Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Carroll Soil and Water Conservation District, Carroll 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 has an MOU with Carroll County Auditors office to provide CAUV inspection services.

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 (regulatory 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.

**Other Funds** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Fund: Eastern Ohio Grazing Council (EOGC) is sponsored by Ag Businesses and Producer Sponsors from 6 different counties to include: Carroll, Stark, Tuscarawas, Jefferson, Harrison, Columbiana counties.

### *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.

## Carroll Soil and Water Conservation District

Carroll County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Appropriations** Budgetary expenditures may not exceed appropriations at the fund level, 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 2019 budgetary activity appears in Note 3.

#### **Deposits and Investments**

The Carroll 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 Carroll County Auditor, Lynn Fairclough, 119 S. Lisbon St., Ste. 203, Carrollton, Ohio 44615. Phone: (330) 627-5122 Email: lfairclough@carrollcountyohio.us

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.

**Carroll Soil and Water Conservation District**

*Carroll County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Committed** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the special and district funds report all fund balances as *assigned* unless they are restricted or committed. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the special and district funds and includes amounts not included in the other classifications. In other funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$254,162	\$254,162	\$0

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$233,113	\$230,689	\$2,424

**Carroll Soil and Water Conservation District**

*Carroll County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 4 – Deposits and Investments**

The District maintains a deposit and investments pool all funds use, except the Special Fund which is maintained by the Carroll 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	\$81,456
County Treasurer Deposits	128,569
Total deposits	<u>\$210,025</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

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

***Health Insurance***

The Carroll 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.

**Carroll Soil and Water Conservation District**

*Carroll County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 6– Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

Through Carroll County, 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, and deposits to Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 8 – Contingent Liabilities**

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District’s financial condition.

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

**Note 9 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**CARROLL SOIL AND WATER CONSERVATION DISTRICT  
CARROLL 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	Other Funds	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants				
Local Government	\$ 2,500	\$ 126,260	-	\$ 128,760
State Government	46,553	99,388	-	145,941
Gifts and Contributions	2,000	-	\$ 3,412	5,412
Sale of Products/Materials	5,177	-	-	5,177
Rentals	13,304	-	-	13,304
All Other Revenue	704	5,164	-	5,868
<i>Total Cash Receipts</i>	<u>70,238</u>	<u>230,812</u>	<u>3,412</u>	<u>304,462</u>
<b>Cash Disbursements</b>				
Salaries	-	118,179	-	118,179
Supplies	6,010	-	2,302	8,312
Equipment	5,933	2,258	-	8,191
Contract Repairs	2,650	-	-	2,650
Contract Services/Cost Share Payment	3,680	3,281	-	6,961
Service Fees	5,313	1,982	624	7,919
Information and Education	1,379	-	-	1,379
Travel and Expenses	1,850	2,962	-	4,812
Advertising and Printing	1,749	-	-	1,749
OPERS	-	16,545	-	16,545
Worker's Compensation	-	1,148	-	1,148
Hospitalization	-	33,509	-	33,509
Medicare	-	1,714	-	1,714
Product/Materials for Resale	3,827	-	-	3,827
Vehicle Rental/Liability Insurance	202	3,000	-	3,202
Annual Meeting/Banquet	1,012	-	-	1,012
<i>Total Cash Disbursements</i>	<u>33,605</u>	<u>184,578</u>	<u>2,926</u>	<u>221,109</u>
<i>Net Change in Fund Cash Balances</i>	36,633	46,234	486	83,353
<i>Fund Cash Balances, January 1</i>	<u>111,332</u>	<u>58,862</u>	<u>3,980</u>	<u>174,174</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	2,500	-	-	2,500
Committed	-	-	4,466	4,466
Unassigned (Deficit)	145,465	105,096	-	250,561
<i>Fund Cash Balances, December 31</i>	<u>\$ 147,965</u>	<u>\$ 105,096</u>	<u>\$ 4,466</u>	<u>\$ 257,527</u>

*See accompanying notes to the financial statements*

# Carroll Soil and Water Conservation District

Carroll County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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## Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Carroll Soil and Water Conservation District, Carroll 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 has an MOU with Carroll County Auditors office to provide CAUV inspection services.

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 (regulatory 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.

**Other Funds** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Fund: Eastern Ohio Grazing Council (EOGC) is sponsored by Ag Businesses and Producer Sponsors from 6 different counties to include: Carroll, Stark, Tuscarawas, Jefferson, Harrison, Columbiana counties.

### *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.



## Carroll Soil and Water Conservation District

Carroll County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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### Note 2 – Summary of Significant Accounting Policies (continued)

**Appropriations** Budgetary expenditures may not exceed appropriations at the fund level, 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 Carroll 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 Carroll County Auditor, Lynn Fairclough, 119 S. Lisbon St., Ste. 203, Carrollton, Ohio 44615. Phone: (330) 627-5122 Email: lfairclough@carrollcountyohio.us

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.

**Carroll Soil and Water Conservation District**

*Carroll County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Committed** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the special and district funds report all fund balances as *assigned* unless they are restricted or committed. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the special and district funds and includes amounts not included in the other classifications. In other funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Special	\$230,812	\$230,812	\$0

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
Special	\$204,927	\$185,444	\$19,483

**Carroll Soil and Water Conservation District**

*Carroll County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$152,431
County Treasurer Deposits	105,096
Total deposits	<u>\$257,527</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution

**Note 5 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

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

**Carroll Soil and Water Conservation District**

*Carroll County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 6– Defined Benefit Pension Plan**

Ohio Public Employees Retirement System

The Carroll County Auditor’s Office handles all payroll and retirement for 4 employees who 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.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2018</i>	<i>10%</i>	<i>14%</i>

**Note 7 – Postemployment Benefits**

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

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District’s financial condition.

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

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

Carroll Soil and Water Conservation District  
Carroll County  
613 North High Street  
Carrollton, Ohio 44615

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 Carroll County Soil and Water Conservation District, Carroll County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated April 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

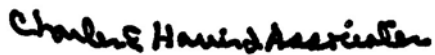
### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 15, 2020.

### **Purpose of this Report**

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



*Charles E. Harris and Associates, Inc.*  
April 15, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**CARROLL COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**CARROLL 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  
JUNE 23, 2020**