



**LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Board
Licking County Soil and Water Conservation District
771 East Main Street, Suite 100
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Licking County Soil and Water Conservation District, Licking County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Licking County Soil and Water Conservation District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 26, 2020

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**LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

August 14, 2020

Licking County Soil and Water Conservation District
Licking County
771 East Main Street, Suite 100
Newark, Ohio 43055

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 **Licking County Soil and Water Conservation District**, Licking County, (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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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, 2019 and 2018, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

As discussed in Note 9 to the financial statements, during 2019 and 2018, 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 August 14, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$ -	\$ 246,215	\$ 246,215
State Government	21,078	173,990	195,068
Gifts and Contributions	6,061	-	6,061
Sale of Products/Materials	51,630	64,065	115,695
Rentals	38,749	-	38,749
All Other Revenue	28,572	10,752	39,324
<i>Total Cash Receipts</i>	<u>146,090</u>	<u>495,022</u>	<u>641,112</u>
Cash Disbursements			
Salaries	-	227,190	227,190
Supplies	12	1,468	1,480
Equipment	20,141	38,907	59,048
Contract Repairs	-	3,133	3,133
Contract Services/Cost Share Payment	44,731	24,204	68,935
Rentals	21,778	13,248	35,026
Service Fees	54	7,923	7,977
Information and Education	16,580	4,563	21,143
Travel and Expenses	-	4,419	4,419
Advertising and Printing	-	8,983	8,983
OPERS	-	31,378	31,378
Worker's Compensation	-	3,016	3,016
Hospitalization	-	48,788	48,788
Medicare	-	3,128	3,128
Product/Materials for Resale	38,252	-	38,252
Vehicle Rental/Liability Insurance	-	1,491	1,491
Annual Meeting/Banquet	4,526	-	4,526
Other	7,512	26,078	33,590
<i>Total Cash Disbursements</i>	<u>153,586</u>	<u>447,917</u>	<u>601,503</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,496)</u>	<u>47,105</u>	<u>39,609</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	1,902	1,902
Transfers Out	(1,902)	-	(1,902)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,902)</u>	<u>1,902</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(9,398)	49,007	39,609
<i>Fund Cash Balances, January 1</i>	<u>410,897</u>	<u>157,686</u>	<u>568,583</u>
Fund Cash Balances, December 31			
Restricted	116,072	-	116,072
Committed	24,946	-	24,946
Assigned	54,496	-	54,496
Unassigned	205,985	206,693	412,678
<i>Fund Cash Balances, December 31</i>	<u>\$ 401,499</u>	<u>\$ 206,693</u>	<u>\$ 608,192</u>

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

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT

LICKING COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Licking County Soil and Water Conservation District, Licking County, (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District promotes the conservation of natural resources through local leadership, education and technical assistance. The District has Memorandums of Understanding with Ohio Department of Agriculture, USDA Natural Resources Conservation Service, and ODNR Division of Forestry to provide assistance to landowners in Licking County for various services.

The District Contracts with City of Newark, City of Newark Stormwater Utility, Licking County Commissioners, Licking County Planning Commission, Village of Hanover, and City of Heath to provide technical assistance, reporting and educational components for stormwater requirements per OEPA MS4 Permit.

Public Entity Risk Pool

The District participates in a public entity risk pool with the Licking County Government. Note 5 to the financial statements provides additional information for this risk pool.

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.

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 Licking 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 Licking County Auditor, Michael Smith, 20 South Second Street, Newark, OH 43055. Phone 740-670-5040.

The District's accounting basis for all other funds includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

For the District Fund and other funds, the District values U.S. Treasury Notes and common stock at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. Investments held in 2019 include Money Market and Certificate of Deposit Account Registry Service (CDARS) accounts.

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:

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

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

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	\$ 401,874	\$ 496,924	\$ 95,050

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$ 531,534	\$ 450,174	\$ 81,360

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$ 11,632
Certificates of deposit	312,779
Other time deposits (savings and NOW accounts)	76,988
County Treasurer Deposits	206,693
Total deposits	608,092
Change Fund	100
Total deposits and investments	\$ 608,192

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

The County is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority, Inc. (CORSA) for liability, property, and crime insurance, the County has addressed these various types of risk.

Risk Pool Membership

The District is a member of CORSA. CORSA assumes the risk of loss up to the limits of the Licking County Commissioners’ policy. CORSA provides the following coverage to the County:

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

The Pool reported the following summary of assets and actuarily measured liabilities available to pay those liabilities as of April 30, 2019:

	2019
Cash and investments	\$131,543,225
Actuarial liabilities	\$42,482,520

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT

LICKING COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2019.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, 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 – Public Entity Risk Pool

Licking County participates in the County Risk Sharing Authority, Inc. (CORSA). The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among sixty-five counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member Counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials’ errors and omissions liability insurance. It was incorporated in the State of Ohio in 1987 as a nonprofit corporation. CORSA membership currently consist of 65 counties and 33 multi-county facilities and county affiliated entities.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member Counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county’s control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties’ obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest in or a financial responsibility for CORSA.

Note 9 – Subsequent Events

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

**LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY**

**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	\$ -	\$ 212,996	\$ 212,996
State Government	15,086	140,664	155,750
Gifts and Contributions	15,818	-	15,818
Sale of Products/Materials	47,146	-	47,146
Rentals	28,897	-	28,897
All Other Revenue	33,231	8,721	41,952
<i>Total Cash Receipts</i>	<u>140,178</u>	<u>362,381</u>	<u>502,559</u>
Cash Disbursements			
Salaries	-	193,751	193,751
Supplies	-	1,941	1,941
Equipment	28,599	11,076	39,675
Contract Repairs	-	1,181	1,181
Contract Services/Cost Share Payment	74,513	16,071	90,584
Rentals	21,168	12,531	33,699
Service Fees	1,530	4,514	6,044
Information and Education	15,139	2,122	17,261
Travel and Expenses	130	2,745	2,875
Advertising and Printing	-	4,238	4,238
OPERS	-	27,779	27,779
Worker's Compensation	-	3,082	3,082
Hospitalization	-	47,871	47,871
Medicare	-	2,596	2,596
Product/Materials for Resale	23,451	-	23,451
Annual Meeting/Banquet	3,848	-	3,848
Other	7,059	25,149	32,208
<i>Total Cash Disbursements</i>	<u>175,437</u>	<u>356,647</u>	<u>532,084</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,259)</u>	<u>5,734</u>	<u>(29,525)</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	750	750
Transfers Out	(750)	-	(750)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(750)</u>	<u>750</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(36,009)</u>	<u>6,484</u>	<u>(29,525)</u>
<i>Fund Cash Balances, January 1 (Restated - See Note 10)</i>	<u>446,906</u>	<u>151,202</u>	<u>598,108</u>
Fund Cash Balances, December 31			
Restricted	116,072	-	116,072
Committed	27,073	-	27,073
Assigned	51,327	-	51,327
Unassigned (Deficit)	216,425	157,686	374,111
<i>Fund Cash Balances, December 31</i>	<u>\$ 410,897</u>	<u>\$ 157,686</u>	<u>\$ 568,583</u>

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

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT

LICKING 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 the Licking County Soil and Water Conservation District, Licking County, (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District promotes the conservation of natural resources through local leadership, education and technical assistance. The District has a Memorandum of Understanding with Ohio Department of Agriculture, USDA Natural Resources Conservation Service, and the ODNR Division of Forestry to provide assistance to landowners in Licking County for various services.

The District Contracts with City of Newark, Newark Division of Water, City of Heath, Licking County Commissioners, and Village of Hanover to provide technical assistance, reporting and educational components for stormwater requirements per OEPA MS4 Permit.

Public Entity Risk Pool

The District participates in a public entity risk pool with the Licking County Government. Note 5 to the financial statements provides additional information for this risk pool.

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.

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

Appropriations Budgetary expenditures 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 Licking 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 Licking County Auditor, Michael Smith, 20 South Second Street, Newark, OH 43055. Phone 740-670-5040.

The District's accounting basis for all other funds includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

For the District Fund and other funds, the District values U.S. Treasury Notes and common stock at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. Investments held in 2018 include Money Market and Certificate of Deposit Account Registry Service (CDARS) accounts.

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:

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

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

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			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$ 354,457	\$ 363,131	\$ 8,674

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$ 450,011	\$ 357,587	\$ 92,424

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

The District maintains a deposits and investments pool all funds use, except the Special Fund which is maintained by the Licking 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	\$ 27,445
Certificates of deposit	310,473
Other time deposits (savings and NOW accounts)	72,879
County Treasurer Deposits	157,686
Total deposits	568,483
Change Fund	100
Total deposits and investments	\$ 568,583

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

The County is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries, and natural disasters. By contracting with the County Risk Sharing Authority, Inc. (CORSA) for liability, property, and crime insurance, the County has addressed these various types of risk.

Risk Pool Membership

The District is a member of CORSA. CORSA assumes the risk of loss up to the limits of the Licking County Commissioners’ policy. CORSA provides the following coverage to the County:

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

The Pool reported the following summary of assets and actuarily measured liabilities available to pay those liabilities as of April 30, 2018:

	2018
Cash and investments	\$123,215,884
Actuarial liabilities	\$28,613,348

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT

LICKING COUNTY

Notes to the Financial Statements

For the Year Ended December 31, 2018

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.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2018</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, 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 – Public Entity Risk Pool

Licking County participates in the County Risk Sharing Authority, Inc. (CORSA). The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among sixty-five counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member Counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. It was incorporated in the State of Ohio in 1987 as a nonprofit corporation. CORSA membership currently consist of 65 counties and 33 multi-county facilities and county affiliated entities.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member Counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest in or a financial responsibility for CORSA.

Note 9 – Subsequent Events

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

LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Restatement of Fund Balances

The District's fund cash balance in the District Fund at January 1, 2018 has been restated for a voided check. This resulted in the following change in fund balance at January 1, 2018:

	<u>District Fund</u>
Fund Balance at December 31, 2017 as Previously Reported	\$ 396,906
Voided Check #501	<u>50,000</u>
Fund Balance January 1, 2018 as Restated	<u>\$ 446,906</u>

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

August 14, 2020

Licking County Soil and Water Conservation District
Licking County
771 East Main Street, Suite 100
Newark, Ohio 43055

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 Licking County Soil and Water Conservation District, Licking 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 August 14, 2020, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits and we 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT
LICKING COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

Material Weakness

Financial Reporting

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 District did not always accurately post receipts, disbursements, and fund balances to the District's accounting system.

The following posting errors were noted:

- Sale of Products/Materials and Transfers Out in the District Fund were overstated in 2019 due to the District posting receipts that should have been posted to the Special Fund in the District Fund and then transferring those amounts to the Special Fund;
- All Other Revenue and Transfers Out in the District Fund were overstated in 2019 due to the District posting an internal fund transfer as a revenue and transfer out;
- All Other Revenue was overstated and Transfers In was understated in the Special Fund in 2019 due to the District recording a transfer as a receipt;
- All Other Revenue in the Special Fund and Other in the District Fund were overstated in 2018 due to the District posting a revenue and expense for an amount that was also posted as a transfer between the funds; and
- All Other Revenue was overstated and Beginning Fund Balance was understated in the District Fund in 2018 due to a voided check from 2017 being posted as a receipt in 2018.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and an adjustment. The financial statements reflect all reclassifications and adjustments. The notes to the financial statements were also modified due to these adjustments.

The following reclassifications were inconsequential to the overall financial statements of the District for December 31, 2019 and 2018 and were not posted to the financial statements or ledgers:

- Year end encumbrances were not reported as an Assigned balance in the Special Fund in 2019;
- The Assigned balance in the District Fund was understated in 2019 due to using an inaccurate balance for the OCVN funds;
- The Committed balance in the District Fund was overstated in 2018 due to using an inaccurate balance for the Farmland Preservation Program Management funds; and
- Gifts and Contributions and Information and Education in the District Fund were overstated in 2018 due to improperly recording a revenue and expense for a transfer between two accounts in the District Fund.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues, expenses, and fund balances are properly identified and classified on the financial statements.

Management's Response – Working with ODA Program Specialist to correct reporting errors in the future.

OHIO AUDITOR OF STATE KEITH FABER



LICKING COUNTY SOIL AND WATER CONSERVATION DISTRICT

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/5/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov