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740.373.0056

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Cambridge, OH 43725
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November 6, 2018

Jefferson County Farmland Protection Board
Jefferson County
P.O. Box 731
Charles Town, WV 25414-0731

You have received a copy of the draft audit report for **Jefferson County Farmland Protection Board**, Jefferson County, WV, (the Board) for the period July 1, 2017 through June 30, 2018, and have, with the approval of the Board, **agreed to waive the post-audit conference**. If you would prefer a formal post-audit conference, please contact our office to make arrangements. You have been informed that you have five working days from the date that you receive the draft audit report to respond to, or contest, in writing, the contents of the audit report.

This is a draft copy of the report should not be quoted or published in any communication medium. The final report cannot be released until this form is signed and returned and the report has been filed and approved for release by the Auditor of State. Therefore, we would appreciate your promptness in this matter.

Please sign and return this waiver letter, and any written response, to our office. If you have any questions, please don't hesitate to call our office at 1-740-373-0056.

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

We hereby agree to waive the post-audit conference

Administrator

Board President

www.perrycpas.com

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedures – 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*

Jefferson County Farmland Protection Board Charles Town, West Virginia

November 6, 2018

Perry & Associates, CPA's, A.C.
313 Second Street
Marietta, Ohio 45750

We are providing this letter as part of your audit of the basic financial statements of the **Jefferson County Farmland Protection Board** (the "Board") as of June 30, 2018 and for the year then ended, and the related notes to the financial statements, for the purpose of opining on the fair presentation, in all material respects, of our financial statements' respective financial position of the governmental activities and major fund of the Board, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to those matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than 7.5% of assets, liabilities, deferred inflows / outflows, equity, revenues or expenditures/expenses, as appropriate for the item, for each opinion unit are not considered to be exceptions requiring disclosure for the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

Our government's opinion units are:

- a. The government type activities
- b. The General Fund

We confirm to the best of our knowledge and belief, having made the inquiries we considered necessary to appropriately inform ourselves, as of November 6, 2018.

Financial Statements

1. We have fulfilled our responsibilities, described in the terms of the audit engagement dated August 1, 2018 for preparing and fairly presenting the financial statements in accordance with U.S. GAAP. Our responsibilities also include designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements and notes that are free from material misstatement, whether due to fraud or error.
2. Ours, Lawyer, Lewis and Co., PLLC (the "Firm"), converted our cash-basis accounting records into an accrual basis trial balance and Perry & Associates, CPA's, A.C. (Perry) compiled the financial statements and notes thereto. However, we acknowledge our responsibility for designing, implementing and maintaining internal control relevant to presenting financial statements and notes that are free from material misstatement, whether due to fraud or error. We applied the following safeguards to assure we can properly assume the ultimate responsibility for the financial statement presentation:
 - a. We designated a management-level individual responsible and accountable for overseeing the nonaudit service.
 - b. We established and monitored the Firm's and Perry's performance of the nonaudit service to ensure it met our objectives.

- c. We made all decisions involving management functions related to the nonaudit service and we accept full responsibility for these decisions.
 - d. We evaluated the adequacy of the service performed and any resulting findings.
3. You provided us adjusting entries that we agree to and have made to correct our financial statements.
4. You reported no unadjusted differences to us resulting from your audit.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have no knowledge of any events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment (i.e. recognized per GASB Cod. 2250) or disclosure.
7. We considered the substance of recording or disclosing related party relationships and transactions, including but not limited to sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties. Additionally, we have ensured that all related party relationships and transactions have been appropriately accounted for and disclosed in the accordance of GAAP. (We understand the term "related party" to include those entities described in GASB Cod 2250).
8. There are no component units or joint ventures with an equity interest requiring inclusion in the financial statements. There are no joint ventures or related organizations requiring disclosure in the financial statements. We understand that the criteria for component unit determination are defined by GASB Cod. 2100.
9. Regarding pollution remediation liabilities (GASB Cod. P40): We have no knowledge that any of the following obligating events have occurred:
 - a. The government was compelled to take pollution remediation action because of an imminent endangerment.
 - b. The government violated a pollution prevention-related permit or license.
 - c. The government was named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs.
 - d. The government was named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation.
 - e. The government commenced or legally obligated itself to commence pollution remediation.
10. Net position components (i.e., net investment in capital assets; restricted; and unrestricted), and fund balance components (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
11. Receivables recorded in the financial statements represent valid claims against debtors for charges for services arising on or before the balance sheet date, or represent grants and/or intergovernmental assistance or other nonexchange transactions meeting the recognition requirements of GASB Cod. N50 (GASB 33). Where needed, receivable balances have been reduced for amounts deemed uncollectible. Provisions for uncollectible receivables have been properly identified and recorded.

12. Expenses are appropriately classified in or allocated to functions and programs in the statement of activities, and allocations are reasonable.
13. Revenues are appropriately classified as program revenues or general revenues in the statement of activities.
14. Interfund, internal and intra-entity activity and balances have been appropriately classified and reported.
15. There are no:
 - a. Arrangements with financial institutions involving compensating balances, or other arrangements involving restrictions on cash balances, lines of credit or similar arrangements.
 - b. Guarantees, whether written or oral, under which the Board is contingently liable.

Information Provided

16. We have made available to you all:
 - a. Access to all information, of which we are aware that is relevant to preparing and fairly presenting the financial statements such as financial and accounting records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us during your audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors.
 - e. Summaries of actions of recent meetings for which minutes have not yet been prepared.
 - f. The most recent meeting held was: October 2018.
17. All transactions have been recorded in the accounting records and are reflected in the financial statements.
18. We have disclosed to you the results of our assessment of the risk of material financial statement misstatement resulting from fraud.
19. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where fraud could materially affect the financial statements.
20. We have no knowledge of any:
 - a. Allegations of fraud or suspected fraud affecting the Board's financial statements received in communications from employees, former employees, analysts, regulators or others.

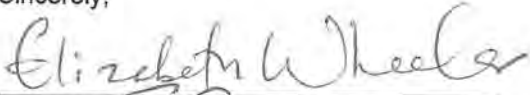
- b. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could materially affect the financial statements.
 - c. Agreements to repurchase assets previously sold.
 - d. Plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows / outflows, or equity.
21. We are responsible for understanding and complying with the Board's compliance requirements with laws, regulations, and provisions of contracts and grant agreements applicable to it; and we have identified, and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that could directly and materially affect financial statement amounts. This includes legal and contractual provisions for reporting specific activities in separate funds. We have complied with all aspects of laws, regulations, and contractual and grant agreements that would materially affect the financial statements, including considering the need to record a loss contingency, in the event of noncompliance, including, but not limited to:
 - a. Provisions of State and/or local statutes and ordinances related to preparing, adopting or amending the Board's budget.
 - b. All requirements covering investment of public monies and collateral for public fund deposits as defined by applicable State and/or local law. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
 - c. Provisions related to tax levies.
22. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
23. We are aware of no other liabilities or gain or loss contingencies that are required to be disclosed by GASB Cod C50.
24. To the best of our knowledge and belief, none of the Board's employees has any material direct or indirect financial interest in any transaction consummated with the Board, other than compensation and expenses budgeted for such persons.
25. The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
26. The Board has properly classified all funds and activities.
27. All funds meeting the quantitative criteria in GASBS 34 and 37 for major fund presentation are identified and presented as such.
28. The Board's policy regarding whether to spend restricted or unrestricted resources first, when both restricted and unrestricted net position are available, is appropriately disclosed. Net positions were properly classified under the policy.
29. The Board is following either its established accounting policy (which is appropriately disclosed) regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures, when more than one resource classification is available or is following paragraph 18 of GASB 54 to determine the fund balance classifications for financial reporting purposes. Fund balances were properly classified under the policy.
30. The Board has a process to track the status of audit findings and recommendations.

31. The Board has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
32. Because the Board was not subject to Single Audit requirements in the previous two fiscal years, the Board does not qualify as a low risk entity under 2 CFR 200.520.
33. With respect to federal awards programs,
 - a. Management is responsible for understanding and complying with the **Auditee Responsibilities** of the Uniform Guidance, and federal statutes, regulations, and the terms and conditions of federal awards related to each of its federal programs, and for disclosing the requirements that could have a direct and material effect on each major program to its auditors.
 - b. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs to reasonably assure the Board is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could materially affect its federal programs.
 - c. Management acknowledges and understands its responsibility and has prepared the Schedule of Expenditures of Federal Awards in accordance with the Uniform Guidance. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit. Management has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - d. No events have occurred subsequent to the fiscal year end or through the date of this letter that would require adjustment to, or disclosure in, the Schedule of Expenditures of Federal Awards.
 - e. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
 - f. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews.
 - g. Management believes that the Board has complied with the direct and material compliance requirements.
 - h. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - i. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
 - j. Management has disclosed to the auditor any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- k. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
 - l. Management is responsible for taking corrective action on audit findings of the compliance audit and has developed a corrective action plan that meets the requirements of the Uniform Guidance.
 - m. Management has disclosed any subsequent events that provide additional evidence regarding conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - n. Management is aware of no noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
 - o. Management has disclosed whether any changes occurred subsequent to year end to internal control over compliance or other factors that might significantly affect internal control, including any corrective action by management regarding significant deficiencies and material weaknesses in internal control over compliance.
 - p. Management has not received any requests from a federal agency to audit one or more specific programs as a major program.
 - q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with that presented in the schedule of expenditures of federal awards.
 - r. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
 - s. Management has charged costs to federal awards in accordance with applicable cost principles.
 - t. There were no federal audit findings or questioned costs reported in the two most recent annual audits which 2 CFR 200.511 requires us to report in a *schedule of prior audit findings and questioned costs*.
 - u. The reporting package does not contain protected personally identifiable information.
 - v. Management has accurately completed the appropriate sections of the data collection form.
34. We agree that Officials' Responses to findings reported in the compliance and controls reports Government Auditing Standards and Uniform Guidance require represent the responses of officials responsible for the compliance or control matter the finding describes, including conclusions and recommendations, as well as management's planned corrective actions.

35. No events have occurred subsequent to the fiscal year end or through the date of this letter that would require adjustment to, or disclosure in, the financial statements or federal awards receipts and expenditure schedule.

Sincerely,



Administrator



Board President

ACKNOWLEDGMENT:

The undersigned officials of **Jefferson County Farmland Protection Board** acknowledge that the draft audit report for the year ended June 30, 2018 has been given to the Board. In addition to the draft report, we also acknowledge the following communications:

Required Communication	Auditor Response
The auditor's responsibility under generally accepted auditing standards and Government Auditing Standards	We communicated our responsibilities to the client in our engagement letter dated August 1, 2018.
The initial selection or changes in significant accounting policies, or unusual accounting policies.	None.
Significant management judgments and accounting estimates.	None.
Significant audit adjustments.	Adjustments for revenues and expenses.
The auditor's responsibilities for other information in documents containing audited financial statements.	We communicated our responsibilities to the client in our engagement letter dated August 1, 2018.
Disagreements with management, whether or not satisfactorily resolved.	None.
Consultation with other accountants.	Ours, Lawyer, Lewis and Co., PLLC prepared the GAAP basis trial balance.
Major issues discussed with management prior to retention.	None.
Difficulties encountered in performing the audit.	None.
Deficiencies in internal controls.	Material weakness for improperly recording federal receipts and disbursements and improperly preparing Federal Schedule.
Fraud and illegal acts.	None.



Administrator



Board President

This statement does not indicate our agreement with the report; rather it indicates our knowledge of the contents and we understand that we have five (5) days to answer this report in writing if we so desire. Please address your response to the individual listed below.

Perry & Associates, CPA's A.C
Attn: Bill Jones, Staff Auditor
313 2nd Street
Marietta, OH 45750

**DOCUMENTATION OF
MATERIAL WEAKNESS**

Auditee: Jefferson County Farmland Protection Board

Audit Period: 7/1/2017-6/30/2018

To: Name Elizabeth Wheeler Title Administrator
 From: Name Bill Jones Title Staff Auditor

During the course of our audit, the following matter came to our attention. Since this may become part of our final report on your entity, we are bringing it to your attention at this time to allow you to respond and/or explain this. We would appreciate your prompt response.

AREA AUDITED: Financial Statements **WP REFERENCE:** 3800.01

Recommendation/Description of Problem:

Consider the five categories to be addressed:

1. Criteria (what should be)
2. Condition Found - Nature of weakness/code violation (what is)
3. Effect (what did/could happen as a result; including possible questioned costs)
4. Underlying Cause (requires discussion with client/indicate name, title and date)
5. Recommendation(s)

Finding Number		2018-001	
CFDA Titles and Numbers		Agricultural Conservation Easement Program, CFDA #10.931	
Federal Award Number/Year		2018	
Federal Agency		U.S. Department of Agriculture	
Pass- Through Agencies		West Virginia Agricultural Land Protections Authority	
Repeat Finding from Prior Audit?	No	Finding Number	N/A

Material Weakness

Criteria: Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards §200.508 includes the following auditee responsibilities.

- (A) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity
- (B) Prepare appropriate financial statements, including the Federal Awards Receipts and Expenditure Schedule in accordance with § .310.

Management is responsible for developing internal control procedures which provide reasonable assurance the Board's Schedule of Federal Awards Receipts and Expenditures (the Schedule) is complete and accurate. Sound internal controls require a review of the Schedule be performed and documented to verify the information reported is complete and accurate before finalizing the Schedule.

Material Weakness - Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards §200.508 (Continued)

Condition: For fiscal year 2018, the Board had the following errors on the Schedule:

- The Agricultural Conservation Easement Program receipts and expenditures were understated by \$1,361,306.

Cause: The Board lacked adequate procedures to ensure that all entries for Federal awards were recorded in the proper line item within its accounting system.

Effect: These adjustments, with which management agrees, are reflected on the Schedule of Federal Awards Receipts and Expenditures.

Recommendation: We recommend the Board develop policies and procedures to ensure the completeness and accuracy of the Schedule.

Official's Response: Refer to the Corrective Action Plan at the end of this report.

Auditee Response: Accepted

Auditee Signature: Elizabeth Wheeler

Auditor Signature: [Signature]

Section I

**SUMMARY AND EVALUATION OF MISSTATEMENTS
AND OMITTED, INACCURATE, OR INCOMPLETE DISCLOSURES**

SECTION I: MISSTATEMENTS CORRECTED BY MANAGEMENT

ENTITY NAME: Jefferson County Farmland Protection Board

DATE OF FINANCIAL STATEMENTS: June 30, 2018

OPINION UNIT: General Fund

Practice Point: A separate summary and evaluation should be performed for each opinion unit of the government entity, in addition to one performed for the financial statements as a whole. See *KBA-301 Worksheet for Determination of Opinion Unit Materiality, Performance Materiality, and Thresholds for Trivial Amounts* for further guidance as to opinion unit materiality.

No.	Workpaper Reference	Description	Entity-Proposed Entry	General Ledger Account			Communicated to Management (indicate to whom, date, and by whom)
				No.	Description	Debit	
1	3800.01	To correctly record computer equipment as an FY 2016 expenditure	Yes		Reserved for Farmland Protection	1,664	Elizabeth Wheeler, 11/6/2018, WAJ
					Computer Equipment		
2	3800.01	To correctly record pass through federal funds as revenue and an expense	Yes		Conservation Easement Procurement	1,361,306	Elizabeth Wheeler, 11/6/2018, WAJ
					Conservation Easement Grant		

Signature: Elizabeth Wheeler