



OHIO AUDITOR OF STATE
KEITH FABER



**FAIRFIELD SOIL AND WATER CONSERVATION DISTRICT
FAIRFIELD COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Fairfield Soil and Water Conservation District
Fairfield County
831 College Avenue, Suite B
Lancaster, OH 43130

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 governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Fairfield Soil and Water Conservation District, Fairfield County, Ohio (the District).

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. 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, 2020 and 2019, 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 governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 in the 2019 Notes to the Basic Financial Statements, the financial statements reflect an adjustment to beginning fund balances related to a petty cash account balance reported previously as part of other funds.

As discussed in Note 11 in the 2020 Notes to the Basic Financial Statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2021, 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.

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Keith Faber
Auditor of State
Columbus, Ohio

November 2, 2021

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Fairfield Soil and Water Conservation District
Fairfield County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2020

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	-	341,750	-	341,750
State Government	-	288,253	-	288,253
Federal Government	-	14,400	-	14,400
Gifts and Contributions	1,460	-	-	1,460
Sale of Products/Materials	5,675	-	-	5,675
Rentals	3,070	-	-	3,070
Farm Harvest Income	82,781	-	-	82,781
All Other Revenue	24,643	5,864	13,000	43,507
<i>Total Cash Receipts</i>	<u>117,629</u>	<u>650,267</u>	<u>13,000</u>	<u>780,896</u>
Cash Disbursements				
Salaries	-	348,563	-	348,563
Supplies	2,564	5,130	-	7,694
Equipment	27,849	3,636	-	31,485
Contract Repairs	934	3,507	-	4,441
Contract Services/Cost Share Payment	-	15,475	-	15,475
Service Fees	-	5,028	-	5,028
Information and Education	56	50	-	106
Travel and Expenses	745	2,193	-	2,938
Advertising and Printing	2,928	4,104	-	7,032
OPERS	-	48,067	-	48,067
Worker's Compensation	-	2,666	-	2,666
Hospitalization	-	122,180	-	122,180
Medicare	-	4,750	-	4,750
Product/Materials for Resale	3,577	-	-	3,577
Other	7,721	263	6,500	14,484
<i>Total Cash Disbursements</i>	<u>46,374</u>	<u>565,612</u>	<u>6,500</u>	<u>618,486</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>71,255</u>	<u>84,655</u>	<u>6,500</u>	<u>162,410</u>
Other Financing Receipts (Disbursements)				
Other Financing Uses	(6,430)	-	-	(6,430)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,430)</u>	<u>-</u>	<u>-</u>	<u>(6,430)</u>
<i>Net Change in Fund Cash Balances</i>	64,825	84,655	6,500	155,980
<i>Fund Cash Balances, January 1</i>	<u>592,447</u>	<u>218,988</u>	<u>32</u>	<u>811,467</u>
<i>Fund Cash Balances, December 31</i>	<u>\$657,272</u>	<u>\$303,643</u>	<u>\$6,532</u>	<u>\$967,447</u>

See accompanying notes to the basic financial statements

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Fairfield Soil & Water Conservation District, Fairfield 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 agreements with Liberty Township, City of Pickerington, Violet Township, Village of Lithopolis and Fairfield County Commissioners to provide MS4 services. In 2020, the District contracted with Violet Township to conduct DESC (Drainage, Erosion, and Sediment Control) reviews and with the Fairfield County Airport to do invasive control spraying. The District also maintains an agreement with the ODNR, Division of Wildlife, to provide a portion of the salary to maintain a Wildlife Specialist position in Fairfield County.

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.

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

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.

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Fairfield 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 Fairfield County Treasurer, 210 E. Main Street, Room 206, Lancaster, OH 43130, (740) 652-7140.

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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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*. For regulatory purposes, assigned fund balance in the special and district funds is limited to encumbrances outstanding at year end.

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$631,310	\$650,267	\$18,957

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$587,310	\$565,612	\$21,698

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 Fairfield County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2020

	<u>2020</u>
Demand deposits	\$400,413
County Treasurer Deposits	<u>303,674</u>
Total deposits	<u>704,087</u>
STAR Ohio	<u>263,275</u>
Total deposits and investments	<u><u>\$967,362</u></u>

The District has a total of \$85 (petty cash and change funds) which brings the total funds to \$967,447.

Deposits

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

Investments

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

Note 5 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District addresses these risks by being a member of the County Risk Sharing Authority (CORSA).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at April 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Assets	\$142,264,663	\$131,543,222
Liabilities	(\$47,825,390)	(\$42,482,515)
Members' Equity	\$94,439,273	\$89,060,707

CORSA provides the following coverage to the District:

- Property
- Equipment Breakdown
- Crime
- General Liability
- Cyber Liability
- Automobile Liability
- Errors and Omissions Liability

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Workers' Compensation

The District participates in the County's workers' compensation program provided by the State of Ohio. The County participated in the County Commissioners Association of Ohio Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool. The County entered the Plan on January 1, 2010. The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The participating Counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating Counties can either receive a premium refund or assessment. Employers will pay experience – or base rated premiums under the same terms as if they were not in a retro group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant.

Participation in the Program is limited to counties that can meet the Program's selection criteria. The firm Comp Management, Inc. provides administrative, cost control and actuarial services to the Program. Each year, the County pays an enrollment fee to the Program to cover the costs of administering the Program. The County may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Program prior to withdrawal.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All six District 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, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2020</i>	<i>10%</i>	<i>14%</i>

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 8 – Public Entity Risk Pools

Risk Sharing Authority (CORSA). CORSA

CORSA is a risk sharing pool established by the County Commissioners Association of Ohio (CCAO) to provide property and liability coverage for counties who are members of CCAO. It was incorporated in the State of Ohio in 1987 as a nonprofit corporation. CORSA membership currently consist of 66 counties and 42 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. An elected board of not more than nine Directors manages the affairs of the Corporation. 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.

County Commissioners Association of Ohio (CCAO) Workers' Compensation Group Retrospective Rating Program

The County Commissioners Association of Ohio (CCAO) Workers Compensation Group Retrospective Rating Program is a shared risk pool among fifteen counties in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the CCAO Group Executive Committee that consists of nine members as follows: the president of the CCAO, treasurer of CCAO, and seven representatives elected from the participating counties.

CCAO, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). CCAO created a group of Counties that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating counties can receive either a premium refund or assessment. CCAO, with approval of the Group Executive Committee, retains the services of a third party administrator (TPA) will assist CCAO staff in the day-today management of the plan, prepare and file necessary reports with the Ohio Bureau of Workers' Compensation and member counties, assist with loss control programs, and other duties, (excluding claims related matters, which will be the responsibility of each individual participating county). The cost of the TPA will be paid by each county to CCAO in proportion to its payroll to the total payroll of the group.

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 9 - Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal 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 10 – Change in Accounting Principle

For 2020, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 11 – COVID-19

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

Fairfield Soil and Water Conservation District
Fairfield 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)
Cash Receipts				
Grants				
Local Government	-	330,500	-	330,500
State Government	-	220,732	-	220,732
Federal Government	-	14,400	-	14,400
Gifts and Contributions	1,760	-	-	1,760
Sale of Products/Materials	4,091	-	-	4,091
Rentals	3,205	-	-	3,205
Farm Harvest Income	28,150	-	-	28,150
All Other Revenue	12,243	2,562	-	14,805
<i>Total Cash Receipts</i>	<u>49,449</u>	<u>568,194</u>	<u>-</u>	<u>617,643</u>
Cash Disbursements				
Salaries	-	314,385	-	314,385
Supplies	2,675	7,085	-	9,760
Equipment	13,408	4,752	-	18,160
Contract Repairs	-	1,024	-	1,024
Contract Services/Cost Share Payment	-	19,007	-	19,007
Service Fees	-	4,862	-	4,862
Information and Education	1,431	-	-	1,431
Travel and Expenses	-	3,127	-	3,127
Advertising and Printing	548	4,121	-	4,669
OPERS	-	43,558	-	43,558
Worker's Compensation	-	2,420	-	2,420
Hospitalization	-	118,476	-	118,476
Medicare	-	4,255	-	4,255
Product/Materials for Resale	1,638	-	-	1,638
Annual Meeting/Banquet	859	-	-	859
Other	18,788	679	-	19,467
<i>Total Cash Disbursements</i>	<u>39,347</u>	<u>527,751</u>	<u>-</u>	<u>567,098</u>
<i>Net Change in Fund Cash Balances</i>	10,102	40,443	-	50,545
<i>Fund Cash Balances, January 1 (restated)</i>	<u>582,345</u>	<u>178,545</u>	<u>32</u>	<u>760,922</u>
Fund Cash Balances, December 31:				
Restricted	72,704	14,400	32	87,136
Committed	201,578	-	-	201,578
Assigned	183,063	204,588	-	387,651
Unassigned	135,102	-	-	135,102
<i>Fund Cash Balances, December 31</i>	<u><u>\$592,447</u></u>	<u><u>\$218,988</u></u>	<u><u>\$32</u></u>	<u><u>\$811,467</u></u>

See accompanying notes to the basic financial statements

Fairfield Soil and Water Conservation District

Fairfield 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 Fairfield Soil & Water Conservation District, Fairfield 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 agreements with Liberty Township, City of Pickerington, Violet Township and Fairfield County Commissioners to provide MS4 services. In 2019, the District contracted with Violet and Liberty Townships to conduct DESC (Drainage, Erosion, and Sediment Control) reviews and with Fairfield County Airport to do invasive control spraying. The District also has an agreement with the ODNR, Division of Wildlife, to provide a portion of the salary to maintain a Wildlife Specialist position in Fairfield County.

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.

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

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.

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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 Fairfield 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 Fairfield County Treasurer, 210 E. Main Street, Room 206, Lancaster, OH 43130, (740) 652-7140.

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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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*.

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$521,400	\$568,194	\$46,794

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$567,078	\$527,751	\$39,327

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 Fairfield County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2019 \$430,476
County Treasurer Deposits	219,020
Total deposits	649,496
STAR Ohio	161,886
Total deposits and investments	\$811,382

The District has a total of \$85 (petty cash and change funds) which brings the total funds to \$811,467.

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Deposits

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

Investments

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

Note 5 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District addresses these risks by being a member of the County Risk Sharing Authority (CORSA).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at April 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Assets	\$131,543,222	\$123,215,885
Liabilities	(\$42,482,516)	(\$28,613,349)
Members' Equity	\$89,060,706	\$94,602,536

CORSA provides the following coverage to the District:

- Property
- Equipment Breakdown
- Crime
- General Liability
- Cyber Liability
- Automobile Liability
- Errors and Omissions Liability

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Workers' Compensation

The District participates in the County's workers' compensation program provided by the State of Ohio. The County participated in the County Commissioners Association of Ohio Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool. The County entered the Plan on January 1, 2010. The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The participating Counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating Counties can either receive a premium refund or assessment. Employers will pay experience – or base rated premiums under the same terms as if they were not in a retro group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant.

Participation in the Program is limited to counties that can meet the Program's selection criteria. The firm Comp Management, Inc. provides administrative, cost control and actuarial services to the Program. Each year, the County pays an enrollment fee to the Program to cover the costs of administering the Program. The County may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Program prior to withdrawal.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 6 District 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>

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended 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, 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

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal 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 – Public Entity Risk Pool

Risk Sharing Authority (CORSA). CORSA

CORSA is a risk sharing pool established by the County Commissioners Association of Ohio (CCAO) to provide property and liability coverage for counties who are members of CCAO. It was incorporated in the State of Ohio in 1987 as a nonprofit corporation. CORSA membership currently consist of 66 counties and 45 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. An elected board of not more than nine Directors manages the affairs of the Corporation. 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.

**County Commissioners Association of Ohio (CCAO) Workers' Compensation Group
Retrospective Rating Program**

The County Commissioners Association of Ohio (CCAO) Workers Compensation Group Retrospective Rating Program is a shared risk pool among fifteen counties in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the CCAO Group Executive Committee that consists of nine members as follows: the president of the CCAO, treasurer of CCAO, and seven representatives elected from the participating counties.

Fairfield Soil and Water Conservation District

Fairfield County

Notes to the Financial Statements

For the Year Ended December 31, 2019

CCAO, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). CCAO created a group of Counties that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating counties can receive either a premium refund or assessment. CCAO, with approval of the Group Executive Committee, retains the services of a third party administrator (TPA) will assist CCAO staff in the day-today management of the plan, prepare and file necessary reports with the Ohio Bureau of Workers' Compensation and member counties, assist with loss control programs, and other duties, (excluding claims related matters, which will be the responsibility of each individual participating county). The cost of the TPA will be paid by each county to CCAO in proportion to its payroll to the total payroll of the group.

Note 10 – Restatement of Fund Balances

Fund balances were restated to show unrecorded restricted cash balances for grant monies in Other Funds and reclassify unrestricted petty cash and change funds from Other Funds to District Fund. The following table below shows the restatement of fund balances at December 31, 2018:

Fund Balances	District	Special	Other Funds	Total
Fund Balance December 31, 2018	\$ 582,260	\$ 178,545	\$ 85	\$ 760,890
Restricted grant cash fund balances	\$ -	\$ -	\$ 32	\$ 32
Unrestricted petty cash and change funds	\$ 85	\$ -	\$ (85)	\$ -
Fund Balance January 1, 2019	\$ 582,345	\$ 178,545	\$ 32	\$ 760,922

OHIO AUDITOR OF STATE KEITH FABER



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

Fairfield Soil and Water Conservation District
Fairfield County
831 College Avenue, Suite B
Lancaster, OH 43130

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 governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Fairfield Soil and Water Conservation District, Fairfield County, (the District) and have issued our report thereon dated November 2, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted a restatement of beginning fund balances and the financial impact of COVID-19 and the continuing emergency measures which may 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) as a basis for designing 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 findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 2, 2021

**FAIRFIELD SOIL AND WATER CONSERVATION DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDING NUMBER 2020-001

Financial Statement Presentation - Material Weakness

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

The District's financial statements reflect the following adjustments:

- In 2020 and 2019, an adjustment to increase fund balance in the District Fund in the amount of \$85 as well as the corresponding adjustment to decrease fund balances in Other Funds as a result of the District recording petty cash and change funds inappropriately.
- In 2020 and 2019, an adjustment to increase fund balance (restricted) in Other Funds in the amount of \$32 as a result of the District not recording the BL Nutrient Reduction Project cash fund balance from previous years' grant activity on the financial statements.
- In 2019, an adjustment to reclassify fund cash balances for Pesticide Application fund from committed fund balance to assigned in the District Fund in the amount of \$23,646.

Although the District has implemented various controls over financial reporting and monitoring controls within the compilation process, the existence of audit misstatements being identified suggest controls may not be effective or operating as management intended.

The District should revisit and implement internal control policies and procedures over its compilation process to ensure the accuracy and completeness of the financial statement presentation.

Officials' Response:

A petty cash (\$35) policy was adopted on 9/15/21. We had in place a change fund policy (\$50) from 12/14/06. These fund balances will be recorded in the future as recommended.

The \$32 (\$31.79) represents workers comp. refunds over a three-year period for the BL Nutrient Reduction Project Grant after the grant was closed. Upon recent contact and explanation to OEPA, a refund was requested. This took working with the Fairfield County Auditor's team to get advice on what procedures to follow to return the refund to OEPA. On 11/9/21, a resolution was adopted by the commissioners to appropriate from unappropriated in a major expenditure object category Fairfield Soil & Water Conservation District 61779300 – Buckeye Lake Nutrient Reduction Project. As such, the \$31.79 is in process of being returned to OEPA.

Classification of funds were initially set up with the guidance of our Ohio Department of Agriculture - Division of Soil and Water Conservation Program Specialist. Funds will be recorded in the future as recommended.

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OHIO AUDITOR OF STATE KEITH FABER



FAIRFIELD COUNTY SOIL AND WATER CONSERVATION DISTRICT

FAIRFIELD 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 12/14/2021

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