



OHIO AUDITOR OF STATE
KEITH FABER



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

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Putnam County Soil and Water Conservation District
Putnam County
1206 East Second Street, Suite 2
Ottawa, Ohio 45875-2069

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 Putnam County Soil and Water Conservation District, Putnam County, Ohio, (the District) as of and for the years ended December 31, 2020 and 2019.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Agriculture, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy 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, 2020 and 2019, 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 Putnam County Soil and Water Conservation District, Putnam County, Ohio as of and for the years ended December 31, 2020 and 2019 in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements and Note 9 to the 2019 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 this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 12, 2021

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Putnam County Soil and Water Conservation District
Putnam County
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	\$94,310	\$164,000	\$43,687	\$301,997
State Government	53,279	155,277	3,095,315	3,303,871
Gifts and Contributions	5,305			5,305
Sale of Products/Materials	8,490			8,490
Rentals	9,476			9,476
Farm Harvest Income			323	323
All Other Revenue	82,696	22,739	3,819	109,254
Total Cash Receipts	253,556	342,016	3,143,144	3,738,716
Cash Disbursements				
Salaries		239,112		239,112
Supplies	1,160	6,442		7,602
Equipment		30,329	10,598	40,927
Contract Repairs		145		145
Contract Services/Cost Share Payment	187,029		644,033	831,062
Rentals		33,000	1	33,001
Information and Education	4,730	1,162		5,892
Travel and Expenses	3,557			3,557
Advertising and Printing	1,170	2,041		3,211
OPERS		33,216		33,216
Worker's Compensation		1,521		1,521
Hospitalization		21,352		21,352
Medicare		3,409		3,409
Product/Materials for Resale	7,843			7,843
Reimbursement - State Refunds			73,920	73,920
Other	29,028	17,640		46,668
Total Cash Disbursements	234,517	389,369	728,552	1,352,438
Excess of Receipts Over (Under) Disbursements	19,039	(47,353)	2,414,592	2,386,278
Other Financing Receipts (Disbursements)				
Transfers In		77,843		77,843
Transfers Out			(77,843)	(77,843)
Total Other Financing Receipts (Disbursements)		77,843	(77,843)	
Net Change in Fund Cash Balances	19,039	30,490	2,336,749	2,386,278
Fund Cash Balances, January 1	537,149	151,415	654,484	1,343,048
Fund Cash Balances, December 31	\$556,188	\$181,905	\$2,991,233	\$3,729,326

See accompanying notes to the basic financial statements

Putnam County Soil and Water Conservation District
Putnam 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 Putnam County Soil and Water Conservation District, Putnam County, Ohio (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.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Fund:

SB 299 Working Lands Program This fund accounts for grant monies received from the Ohio Department of Agriculture and used for cost-share practices within producer contracts.

Basis of Accounting

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

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

Budgetary Process

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

Putnam County Soil and Water Conservation District
Putnam County
Notes to the Financial Statement
For the Year Ended December 31, 2020
(Continued)

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 Putnam 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 Putnam County Treasurer, Tracy Warnecke, at 245 East Main Street, Suite 203, Ottawa, Ohio 45875 or by calling 419-523-6588.

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

Putnam County Soil and Water Conservation District
Putnam County
Notes to the Financial Statement
For the Year Ended December 31, 2020
(Continued)

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

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	\$284,106	\$419,859	\$135,753

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$435,521	\$389,369	\$46,152

Note 4 – Deposits

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

	2020
Demand deposits	\$2,965,356
Certificates of deposit	187,309
Other time deposits (savings and NOW accounts)	394,756
County Treasurer Deposits	181,905
Total deposits	\$3,729,326

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the District; 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.

At December 31, 2020, \$251,461 of deposits were not insured or collateralized, contrary to Ohio law.

Putnam County Soil and Water Conservation District
Putnam County
Notes to the Financial Statement
For the Year Ended December 31, 2020
(Continued)

Note 5 – Interfund Transfers

During 2020, the District transferred monies in the amounts of \$55,598 and \$22,245 from the Nutrient Management Specialist Fund and the H2Ohio Staffing Fund, respectively, to the Special Fund for grant payroll disbursements.

Note 6 – Risk Management

Workers' Compensation

The County Commissioners Association of Ohio Service Corporation, is a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Risk Pool Membership

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 66 counties and 44 county-related entities in Ohio. CORSA was formed as an Ohio not-for-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.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA 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 of Trustees. No county may have more than one representative on the Board of Trustees 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's net position as of fiscal year end April 30, 2020 was \$94,439,273. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

Property and casualty settlements did not exceed insurance coverage for the past three years, and the District has not had a significant reduction in coverage from the prior year.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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.

Putnam County Soil and Water Conservation District
Putnam County
Notes to the Financial Statement
For the Year Ended December 31, 2020
(Continued)

Note 8 – 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 9 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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 – Fund Balances

The fund balance of the Other Funds is either restricted or committed.

Note 11 – 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).

Note 12 – 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. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – All Other Revenue

All other revenue in the District and Special Funds primarily consisted of contracts, rentals, interest, and reimbursements.

Putnam County Soil and Water Conservation District
Putnam 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	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	\$44,207	\$154,000	\$32,921	\$231,128
State Government	184,860	122,458	1,012,854	1,320,172
Gifts and Contributions	3,456			3,456
Sale of Products/Materials	6,443			6,443
All Other Revenue	25,031	1,262	250	26,543
<i>Total Cash Receipts</i>	<u>263,997</u>	<u>277,720</u>	<u>1,046,025</u>	<u>1,587,742</u>
Cash Disbursements				
Salaries		183,190		183,190
Supplies	1,197	5,382		6,579
Equipment	3,966	31,481	205,333	240,780
Contract Repairs		653		653
Contract Services/Cost Share Payment	220,713		173,018	393,731
Rentals		23,000	1	23,001
Information and Education	10,413	2,435		12,848
Travel and Expenses	16,417	530		16,947
Advertising and Printing		5,920		5,920
OPERS		25,040		25,040
Worker's Compensation		1,482		1,482
Hospitalization		20,635		20,635
Medicare		2,619		2,619
Product/Materials for Resale	3,749			3,749
Other	34,765	26,240	1,322	62,327
<i>Total Cash Disbursements</i>	<u>291,220</u>	<u>328,607</u>	<u>379,674</u>	<u>999,501</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,223)</u>	<u>(50,887)</u>	<u>666,351</u>	<u>588,241</u>
Other Financing Receipts (Disbursements)				
Transfers In		15,992		15,992
Transfers Out			(15,992)	(15,992)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>15,992</u>	<u>(15,992)</u>	
<i>Net Change in Fund Cash Balances</i>	<u>(27,223)</u>	<u>(34,895)</u>	<u>650,359</u>	<u>588,241</u>
<i>Fund Cash Balances, January 1</i>	<u>564,372</u>	<u>186,310</u>	<u>4,125</u>	<u>754,807</u>
Fund Cash Balances, December 31				
Restricted	94,278		651,682	745,960
Assigned		74,623	2,802	77,425
Unassigned	442,871	76,792		519,663
<i>Fund Cash Balances, December 31</i>	<u>\$537,149</u>	<u>\$151,415</u>	<u>\$654,484</u>	<u>\$1,343,048</u>

See accompanying notes to the basic financial statements

Putnam County Soil and Water Conservation District
Putnam 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 Putnam County Soil and Water Conservation District, Putnam County, Ohio (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.

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Funds:

Nutrient Application Grant This fund accounts for grant monies received from the Ohio Department of Agriculture and used for the subsurface nutrient application program available to local producers.

SB 299 Working Lands Program This fund accounts for grant monies received from the Ohio Department of Agriculture and used for cost-share practices within producer contracts.

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.

Putnam County Soil and Water Conservation District
Putnam County
Notes to the Financial Statement
For the Year Ended December 31, 2019
(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 Putnam 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 Putnam County Treasurer, Tracy Warnecke, at 245 East Main Street, Suite 203, Ottawa, Ohio 45875 or by calling 419-523-6588.

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

Putnam County Soil and Water Conservation District
Putnam County
Notes to the Financial Statement
For the Year Ended December 31, 2019
(Continued)

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 December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$257,500	\$293,712	\$36,212

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$345,540	\$328,607	\$16,933

Note 4 – Deposits

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

Demand deposits	\$912,253
Certificates of deposit	185,105
Other time deposits (savings and NOW accounts)	94,275
County Treasurer Deposits	151,415
Total deposits	\$1,343,048

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the District; 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.

At December 31, 2019, \$302,488 of deposits were not insured or collateralized, contrary to Ohio law.

Putnam County Soil and Water Conservation District
Putnam County
Notes to the Financial Statement
For the Year Ended December 31, 2019
(Continued)

Note 5 – Risk Management

Workers' Compensation

The County Commissioners Association of Ohio Service Corporation, is a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Risk Pool Membership

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 66 counties and 44 county-related entities in Ohio. CORSA was formed as an Ohio not-for-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.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA 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 of Trustees. No county may have more than one representative on the Board of Trustees 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's net position as of fiscal year end April 30, 2019 was \$89,060,705. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

Property and casualty settlements did not exceed insurance coverage for the past three years, and the District has not had a significant reduction in coverage from the prior year.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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.

Putnam County Soil and Water Conservation District
Putnam County
Notes to the Financial Statement
For the Year Ended December 31, 2019
(Continued)

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. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – Subsequent 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 continuing emergency measures may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The District was approved for an H2Ohio Program Grant, from the Ohio Department of Agriculture, in 2020. This grant, in the amount of \$5,039,996, will be used to minimize the potential for phosphorous and other nutrients to drain into the Maumee Watershed Basin and Lake Erie. The District received \$2,015,998 during 2020 with remaining grant monies to be received in 2021.

Note 10 – All Other Revenue

All other revenue in the District Fund primarily consisted of contracts, rentals, interest, and reimbursements.



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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**

Putnam County Soil and Water Conservation District
Putnam County
1206 East Second Street, Suite 2
Ottawa, Ohio 45875-2069

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 Putnam County Soil and Water Conservation District, Putnam County, Ohio (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated August 12, 2021, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the financial impact of COVID-19 and the 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

District's Response to Findings

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

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

August 12, 2021

**PUTNAM COUNTY SOIL AND WATER CONSERVATION DISTRICT
PUTNAM COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

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. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- In 2020, local government and state government grant receipts in the amounts of \$94,310 and \$53,279, respectively, were incorrectly classified as grants in the District Fund.
- In 2020, local government and state government grant receipts in the amounts of \$43,687 and \$3,095,315, respectively, were incorrectly classified as grants in the Other Funds.
- In 2019, local government and state government grant receipts in the amounts of \$44,207 and \$124,860, respectively, were incorrectly classified as grants in the District Fund.
- In 2020, transfers in and transfers out were overstated in the District and Other Funds in the amounts of \$560,000 and \$100,000, respectively.
- In 2019, unassigned fund balance within the District and Special Funds was incorrectly classified as committed in the amounts of \$279,381 and \$76,792, respectively.
- In 2020, outstanding encumbrances in the Fund Balances note to the financial statements were overstated in the Special Fund in the amount of \$181,905.
- In 2020, grant payroll activity was incorrectly recorded as salaries rather than transfers-out in the Other Funds and as all other revenue rather than transfers-in in the Special Fund in the amount of \$77,843.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Board of Supervisors making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$2,630 to \$19,785 that we have brought to the District's attention.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Supervisors, to help identify and correct errors and omissions.

Officials' Response:

The Putnam County Soil and Water Conservation District has reviewed the finding summary and has a better understanding of the posting issues and has made it a priority to work on correcting these issues for future postings.

FINDING NUMBER 2020-002

Noncompliance

Ohio Rev. Code § 135.18(A) provides that each institution designated as a public depository and awarded public deposits under Ohio Rev. Code § 135.01 to 135.21, except as provided in Ohio Rev. Code § 135.144 or 135.145, shall provide security for the repayment of all public deposits by selecting one of the following methods:

1. Securing all uninsured public deposits of each public depositor separately by pledging to the public depositor eligible securities of aggregate market value at all times equal to at least one hundred five percent of the total amount of the public depositor's uninsured public deposits.
2. Securing all uninsured public deposits of every public depositor by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor at the public depository.

Ohio Rev. Code § 135.182 establishes the Ohio Pooled Collateral Program established under the Treasurer of State. Under this program, each institution designated as a public depository that selects the pledging method shall pledge to the treasurer of state a single pool of eligible securities for the benefit of all public depositors at the public depository to secure the repayment of all uninsured public deposits at the public depository, provided that at all times the total market value of the securities so pledged is at least equal to either of the following:

1. One hundred two percent of the total amount of all uninsured public deposits;
2. An amount determined by rules adopted by the Treasurer of State that set forth the criteria for determining the aggregate market value of the pool of eligible securities pledged by a public depository pursuant to division (B) of this section. Such criteria shall include, but are not limited to, prudent capital and liquidity management by the public depository and the safety and soundness of the public depository as determined by a third-party rating organization.

Due to deficiencies in policies and procedures over the monitoring of collateral, the District's designated depository, Union Bank, did not specifically pledge securities to the District to collateralize deposits nor were District deposits enrolled in the Ohio Pooled Collateral Program. As of December 31, 2020 and 2019, the portion of the District's bank balances that were uninsured and uncollateralized were \$251,461 and \$302,488, respectively. The Fiscal Officer did not verify that the bank provided the required allowable collateral. The lack of required pledged securities could put these entire balances at risk in the event of bank failure.

The Fiscal Officer should monitor public depositories utilized by the District to ensure they are providing the required specifically pledged collateral or are enrolled in the Ohio Pooled Collateral System.

Officials' Response:

The Fiscal Officer indicated the bank has corrected the collateral coverage for the District.

OHIO AUDITOR OF STATE KEITH FABER



PUTNAM COUNTY SOIL AND WATER CONSERVATION DISTRICT

PUTNAM 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 8/31/2021

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This report is a matter of public record and is available online at
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