



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

CRAWFORD COUNTY SOIL AND WATER CONSERVATION DISTRICT
CRAWFORD COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Board of Supervisors
Crawford County Soil and Water Conservation District
3111 State Route 98
Bucyrus, Ohio 44820

We have reviewed the *Independent Auditor's Report* of the Crawford County Soil and Water Conservation District, Crawford County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 15, 2023

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Crawford County Soil and Water Conservation District
Crawford County
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INDEPENDENT AUDITOR'S REPORT

Crawford County Soil and Water Conservation District
Crawford County
3111 State Route 98
Bucyrus, Ohio 44820

To the Board of Supervisors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Crawford County Soil and Water Conservation District, Crawford County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each fund as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions the Ohio Department of Agriculture permits. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



BHM CPA Group, Inc.
Piketon, OH
May 29, 2023

Crawford County Soil and Water Conservation District
Crawford County, Ohio

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2022*

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	\$ 4,590	\$ 180,000	\$ -	\$ 184,590
State Government	200	166,697	4,317,806	4,484,703
Federal Government	31,269	-	-	31,269
Gifts and Contributions	6,833	-	-	6,833
Sale of Products/Materials	27,856	-	-	27,856
Rentals	100	-	-	100
All Other Revenue	28,245	-	39,852	68,097
<i>Total Cash Receipts</i>	<u>99,093</u>	<u>346,697</u>	<u>4,357,658</u>	<u>4,803,448</u>
Cash Disbursements				
Salaries	-	281,653	-	281,653
Supplies	108	5,542	35	5,685
Equipment	25,018	-	-	25,018
Contract Repairs	-	309	-	309
Contract Services/Cost Share Payment	-	4,573	1,185,251	1,189,824
Rentals	-	11,596	-	11,596
Service Fees	615	2,818	-	3,433
Information and Education	3,347	-	-	3,347
Travel and Expenses	385	8,027	-	8,412
Advertising and Printing	411	8,955	-	9,366
OPERS	-	39,188	-	39,188
Worker's Compensation	-	2,148	-	2,148
Hopitalization	-	57,781	-	57,781
Medicare	-	3,935	-	3,935
Product/Materials for Resale	20,176	-	-	20,176
Annual Meeting/Banquet	3,407	-	-	3,407
Other	980	258	-	1,238
<i>Total Cash Disbursements</i>	<u>54,447</u>	<u>426,783</u>	<u>1,185,286</u>	<u>1,666,516</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>44,646</u>	<u>(80,086)</u>	<u>3,172,372</u>	<u>3,136,932</u>
Other Financing Receipts (Disbursements)				
Transfers-In	168,509	37,389	-	205,898
Transfers-Out	(37,389)	-	(168,509)	(205,898)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>131,120</u>	<u>37,389</u>	<u>(168,509)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	175,766	(42,697)	3,003,863	3,136,932
<i>Fund Cash Balances, January 1</i>	<u>775,957</u>	<u>112,319</u>	<u>749,735</u>	<u>1,638,011</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 951,723</u>	<u>\$ 69,622</u>	<u>\$ 3,753,598</u>	<u>\$ 4,774,943</u>

See accompanying notes to the financial statements.

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Crawford Soil & Water Conservation District, Crawford 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 contracts with the City of Bucyrus to provide storm water education programs, with the Crawford County Recycling Program to provide recycling education and outreach and with the Crawford County Auditor to provide Current Agricultural Use Value compliance spot checks.

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 are held in the District Fund checking and the District Fund Star Ohio account:

- **Nutrient Management Funds** – Grant from the ODA to provide support to soil & water conservation districts in the WLEB. \$83,882 for 2022 expenses were transferred to the unrestricted account.
- **Clean Lake SB 299 Funds** – Grant from the ODA to provide staffing, keep staff, or other assistance to producers to support SB299. 2022 expenses transferred to the unrestricted account totaled \$6,561.
- **EPRI Grant Fund** – Cost share funds eligible to Mike & Donna Flick for their final year of 2022 for maintaining the practice as stated in their agreement dated 9/27/17. Final payment was made and the balance is now \$0.00.
- **SB299 Working Land Funds** – These funds are payable to producers that participated in the Hay Buffer Working Lands program and will have payments in years 3, 4, and 5 of the program providing the producer complies with the programs.
- **NRP Program Funds** – These funds are from refunded bonuses or payments pending for the LE CREP Program.

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2022

- **WLEB H2Ohio Staff Funds** – Grant from the ODA to provide support to hire additional staff to provide technical and/or administrative support for all H2Ohio programs. 2022 expenses transferred to the unrestricted account totaled \$76,653.
- **WLEB Subsidy Grant for H2Ohio Technical Assistance Funds** – Grant from the ODA to provide support to provide technical assistance for all H2Ohio programs. 2022 expenses transferred to the unrestricted account totaled \$1,413.
- **H2Ohio Program Funds** – Grant to producers from the ODA and distributed to producers that are enrolled in the H2Ohio Program. Funding to producers is based on the number of completed acres/structures per practice that is outlined in the application and signed contract.

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.

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 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Crawford 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 Crawford County Auditor's Office, 112 E. Mansfield St, Bucyrus, Ohio 44820; 419-562-7941, extension 4.

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

For the District Fund, money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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. The Board is given a monthly Leave & Liability Report to inform them of such liabilities responsible of the district.

Leases

The District has a rental agreement with Ag Credit for the leasing of 892 square feet of office space located at 3111 State Route 98, Bucyrus, Ohio. Lease agreement ends on December 31, 2023.

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.

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

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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 9.

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$471,910	\$384,086	(\$87,824)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$438,083	\$428,388	\$9,695

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

	<u>2022</u>
Demand deposits	\$12,425
Other time deposits (savings and NOW accounts)	164,007
County Treasurer Deposits	<u>69,622</u>
Total deposits	<u>246,054</u>
STAR Ohio	<u>4,528,889</u>
Total investments	<u>4,528,889</u>
Total deposits and investments	<u><u>\$4,774,943</u></u>

Deposits

The Deposits are insured by the Federal Deposit Insurance Corporation and 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.

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

Workers' Compensation

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

Insurance

The District is insured under the County Risk Sharing Authority (CORSA). CORSA covers the following: general liability and casualty; public official's liability; vehicle liability and physical damage; and office equipment damage or loss. The deductible is \$2500.

Note 6 – Defined Benefit Pension Plans

All 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, 2022.

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 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Special</u>
Outstanding Encumbrances	<u>\$1,605</u>
Total	<u><u>\$1,605</u></u>

The fund balance of the other funds is either restricted or committed. These restricted, committed, and assigned amounts in the other funds would include the outstanding encumbrances. In the special and district funds, outstanding encumbrances are considered assigned.

Note 10 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will 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.

Crawford County Soil and Water Conservation District
Crawford County, Ohio

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2021*

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	\$ 7,500	\$ 173,750	\$ -	\$ 181,250
State Government	14,219	165,608	388,852	568,679
Federal Government	113,472	-	-	113,472
Gifts and Contributions	6,341	-	-	6,341
Sale of Products/Materials	19,579	-	-	19,579
Rentals	100	-	-	100
All Other Revenue	5,284	2,296	-	7,580
<i>Total Cash Receipts</i>	<u>166,495</u>	<u>341,654</u>	<u>388,852</u>	<u>897,001</u>
Cash Disbursements				
Salaries	-	232,307	-	232,307
Supplies	555	3,933	-	4,488
Equipment	30,939	-	-	30,939
Contract Repairs	26	128	-	154
Contract Services/Cost Share Payment	181	6,834	130,215	137,230
Rentals	-	11,596	-	11,596
Service Fees	690	2,231	-	2,921
Information and Education	4,968	-	-	4,968
Travel and Expenses	-	2,290	-	2,290
Advertising and Printing	1,109	8,599	-	9,708
OPERS	-	31,992	-	31,992
Worker's Compensation	-	1,411	-	1,411
Hospitalization	-	48,626	-	48,626
Medicare	-	3,231	-	3,231
Product/Materials for Resale	20,198	-	-	20,198
Reimbursement - State Refunds	5,000	-	-	5,000
Annual Meeting/Banquet	2,666	-	-	2,666
Other	126	40	4,976	5,142
<i>Total Cash Disbursements</i>	<u>66,458</u>	<u>353,218</u>	<u>135,191</u>	<u>554,867</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>100,037</u>	<u>(11,564)</u>	<u>253,661</u>	<u>342,134</u>
Other Financing Receipts (Disbursements)				
Transfers-In	202,596	-	-	202,596
Transfers-Out	-	-	(202,596)	(202,596)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>202,596</u>	<u>-</u>	<u>(202,596)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	302,633	(11,564)	51,065	342,134
<i>Fund Cash Balances, January 1</i>	<u>473,324</u>	<u>123,883</u>	<u>698,670</u>	<u>1,295,877</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 775,957</u>	<u>\$ 112,319</u>	<u>\$ 749,735</u>	<u>\$ 1,638,011</u>

See accompanying notes to the financial statements.

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Crawford Soil & Water Conservation District, Crawford 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 contracts with the City of Bucyrus to provide storm water education programs, with the Crawford County Recycling Program to provide recycling education and outreach and with the Crawford County Auditor to provide Current Agricultural Use Value compliance spot checks.

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 are held in the District Fund checking and the District Fund Star Ohio account:

- **Nutrient Management Funds** – Grant from the ODA to provide support to soil & water conservation districts in the WLEB. (Note: 2019 & 2020 Nutrient Tech expenses in the amount of \$97,452.49 were not transferred until January 5, 2021 and will appear on the 2021 Cash Basis Report.). \$63,843.00 for 2021 expenses were transferred to the unrestricted account at the end of 2021 for a total reduction in the grant account of \$161,295.60 for years 2019, 2020 and 2021.
- **Clean Lake SB 299 Funds** – Grant from the ODA to provide staffing, keep staff, or other assistance to producers to support SB299. (Note: 2nd half of 2020 expenses were not transferred to the unrestricted District Fund account until January 5, 2021 and will appear on the 2021 Cash Basis Report which totaled \$2,981.62). 2021 expenses transferred to the unrestricted account totaled \$11,822.27. The total reduction for the two years totaled \$14,804.00.
- **EPRI Grant Fund** – Remaining cost share funds eligible to Mike & Donna Flick for their final year of 2022 for maintaining the practice as stated in their agreement dated 9/27/17.
- **SB299 Working Land Funds** – These funds are payable to producers that participated in the Hay Buffer Working Lands program and will have payments in years 3, 4, and 5 of the program providing the producer complies with the programs.

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2021

- **NRP Program Funds** – These funds are from refunded bonuses or payments pending for the LE CREP Program.
- **WLEB H2Ohio Staff Funds** – Grant from the ODA to provide support to hire additional staff to provide technical and/or administrative support for all H2Ohio programs.

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.

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 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Crawford 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 Crawford County Auditor's Office, 112 E. Mansfield St, Bucyrus, Ohio 44820; 419-562-7941, extension 4.

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

For the District Fund, 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.

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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. The Board is given a monthly Leave & Liability Report to inform them of such liabilities responsible of the district.

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.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Crawford County Soil and Water Conservation District
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$359,655	\$341,654	(\$18,001)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$364,797	\$355,423	\$9,374

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

	2021
Demand deposits	\$125,241
County Treasurer Deposits	112,319
Total deposits	237,560
STAR Ohio	1,400,451
Total investments	1,400,451
Total deposits and investments	\$1,638,011

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 5 – Risk Management

Workers' Compensation

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

The District is insured under the County Risk Sharing Authority (CORSA). CORSA covers the following: general liability and casualty; public official's liability; vehicle liability and physical damage; and office equipment damage or loss. The deductible is \$2500.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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, 2021.

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 2021.

Note 8 – Contingent Liabilities

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

Note 9 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Crawford County Soil and Water Conservation District

Crawford County

Notes to the Financial Statements

For the Year Ended December 31, 2021

<u>Fund Balances</u>	<u>Special</u>
Outstanding Encumbrances	<u>\$2,205</u>
Total	<u><u>\$2,205</u></u>

The fund balance of the other funds is either restricted or committed. These restricted, committed, and assigned amounts in the other funds would include the outstanding encumbrances. In the special and district funds, outstanding encumbrances are considered assigned.

Note 10 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will 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.

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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**

Crawford County Soil and Water Conservation District
Crawford County
3111 State Route 98
Bucyrus, Ohio 44820

To the Board of Supervisors:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each fund as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Crawford County Soil and Water Conservation District, Crawford County, (the District) and have issued our report thereon dated May 29, 2023, 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
May 29, 2023

OHIO AUDITOR OF STATE KEITH FABER



CRAWFORD COUNTY SOIL AND WATER CONSERVATION DISTRICT

CRAWFORD 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 6/27/2023

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

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