

**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**HARDIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
HARDIN COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Supervisors  
Hardin County Soil and Water Conservation District  
12751 St. Rt. 309 W  
Kenton, Ohio 43326

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

October 12, 2023

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**HARDIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
HARDIN COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Hardin County Soil and Water Conservation District  
Hardin County  
12751 St. Rt. 309 W  
Kenton, Ohio 43326

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 Hardin County Soil and Water Conservation District, Hardin 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.

### ***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 June 30, 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.



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

June 30, 2023

**HARDIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
HARDIN COUNTY**

**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)
<b>Cash Receipts</b>				
Taxes	\$ 604	\$ -	\$ -	\$ 604
Grants				
Local Government	12,000	177,635	-	189,635
State Government	200	150,923	2,368,856	2,519,979
Federal Government	2,880	-	-	2,880
Gifts and Contributions	2,236	-	-	2,236
Sale of Products/Materials	11,933	-	-	11,933
Rentals	2,250	-	-	2,250
All Other Revenue	5,298	-	15,894	21,192
<i>Total Cash Receipts</i>	<u>37,401</u>	<u>328,558</u>	<u>2,384,750</u>	<u>2,750,709</u>
<b>Cash Disbursements</b>				
Salaries	-	176,181	-	176,181
Supplies & Postage	1,294	791	-	2,085
Equipment	2,847	-	-	2,847
Contract Repairs	-	7,012	-	7,012
Contract Services/Cost Share Payment	584	2,581	690,193	693,358
Rentals & Utilities	-	9,000	-	9,000
Service Fees	930	2,989	-	3,919
Information and Education	4,069	-	-	4,069
Travel and Expenses	947	2,903	-	3,850
Advertising and Printing	3,371	-	-	3,371
OPERS	-	26,898	-	26,898
Worker's Compensation	-	-	-	-
Hospitalization	-	47,602	-	47,602
Product/Materials for Resale	13,690	-	-	13,690
Annual Meeting/Banquet	927	-	-	927
Other	2,718	1,217	-	3,935
<i>Total Cash Disbursements</i>	<u>31,377</u>	<u>277,174</u>	<u>690,193</u>	<u>998,744</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,024</u>	<u>51,384</u>	<u>1,694,557</u>	<u>1,751,965</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	11,774	51,987	231,521	295,282
Transfers Out	-	-	(295,282)	(295,282)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>11,774</u>	<u>51,987</u>	<u>(63,761)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	17,798	103,371	1,630,796	1,751,965
<i>Fund Cash Balances, January 1</i>	<u>267,339</u>	<u>146,868</u>	<u>3,406,285</u>	<u>3,820,492</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 285,137</u>	<u>\$ 250,239</u>	<u>\$ 5,037,081</u>	<u>\$ 5,572,457</u>

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

**Hardin County Soil and Water Conservation District**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Hardin County Soil and Water Conservation District, Hardin 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.

**-CWA:** The District signs a CWA (Cooperative Working Agreement) with NRCS (Natural Resources Service) to provide technical and administrative assistance. As a result, the District works hand in hand with partner agency, NCRS, to assist landowners and/or producers with guidance or survey, design and implementation of their approved conservation practices, such as: waterways, filter strips, drainage management structures, tree planting, and more.

**-MOU:** The District signs an MOU (Memorandum of Understanding) with the Upper Scioto River Conservancy annually to provide investigation, inventory and evaluation as requested by the Conservancy. Further requests may involve engineering design, ensuring proper installation and certification of projects, in accordance with the Conservancy’s approved plan. Provide reporting including job diary, construction details and copies of all engineering design plans.

**-MOU:** The District signs and MOU (Memorandum of Understanding) with the Hardin County Auditor to provide: Technical oversight for lands in conservation programs enrolled in the CAUV program and complete inspections for parcels of land enrolled in USDA conservation programs for compliance in the CAUV program. Promote Best Management Practices for the sustainable use of existing conservation programs to landowners participating in the CAUV program.

***Public Entity Risk Pools***

The District participates in a public entity risk pool and is associated with a related organization. Note 5 to the financial statements provide additional information for these entities.

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.

The Special Fund is the fund which the Hardin SWCD documents and refers to at the “County Fund”. The District is dependent on the approval of budget appropriations annually from the County Commissioners which then provides a funding amount that is used by the State Government, in cooperation with the Soil and Water Conservation Commission, to determine the State Match funding to be appropriated to the District through the County Treasurer.

**Hardin County Soil and Water Conservation District**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***District Fund*** The district fund accounts for and reports revenues from district sales and equipment rentals, grants and donations. The District fund is also maintained to provide records of deposits, expenses, payments of expenses, and invoicing to customers for purchases or services and payment of such.

The District uses SAGE 50 (previously Peachtree) financial records to maintain its funds during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

***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:

***SB 299 Clean Lakes Ohio Fund:*** A State initiative to provide funding to Districts to use however the District deemed necessary be it equipment, staffing, supplies, etc.

***SB299 WLEP Buffer Program and Small Grains:*** Ohio Working Lands Buffer and Small Grains Program applies to cropland areas situated below cropland where sediment, nutrients and animal manure have the potential to be transported from the field and enter environmentally sensitive areas.

***Lake Erie NRPL:*** Included in the District fund are remaining funds from the LE NRP (Lake Erie Nutrient Reduction Program) which is no longer available.

***OEPA 319 Grant – The Outlet – Blanchard River:*** The Outlet-Blanchard River project area is mainly impaired by nutrients, flow alteration, ammonia, and direct habitat alteration due to agriculture uses. The objectives were to implement controlled drainage water management systems and install grassed waterways.

***OH Lake Erie Commission-Nine Element Hog Creek Plan:*** Work with a contracted agency to develop a Nine Element Plan with the focus areas of the Upper/Middle/Little and Lower Hog Creek Watersheds. Assist with the information to be contained in the project with the end goal being the Ohio EPA approved Non Point Source – IS for each of the four watersheds.

***H2Ohio Personnel:*** A State initiative to provide funding for farmers interested in incentives for implementing approved nutrient management practices. This fund is strictly for funding the staff for 5 years to implement the H2Ohio program at \$50,000 a year to cover benefits and their employment for a set term.

***H2Ohio Cost Share:*** A State initiative to provide funding for farmers interested in incentives for implementing approved nutrient management practices. This fund is strictly for funding of projects producers have signed up for through H2Ohio program.

***H2Ohio Cost Share Money Market:*** A State initiative to provide funding for farmers interested in incentives for implementing approved nutrient management practices. This fund is strictly for collecting higher interest rate than a regular checking account would. We house the majority of money here and transfer to the payment Cost Share account when ready to make payments to producers.

**Hardin County Soil and Water Conservation District**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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 Hardin 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 Hardin County located at 1 Courthouse Sq #250, Kenton, Ohio 43326. Treasurer Denise Althausser, phone number is 419-674-2205 and the email is treasurer@co.hardin.oh.us.

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.

The District has a money market account at their banking institution but has no investments. Monthly dividend income is reported in the District's accounting program, SAGE 50 and in the money market checkbook register to reconcile with the bank statement.

***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.

**Hardin County Soil and Water Conservation District**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Leases**

The District is the lessor in various leases (as defined by GASB 87) related to buildings, and other equipment under noncancelable leases. We also rent out conservation equipment to the community. Lease revenue/disbursements are recognized when they are received/paid.

**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.

**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	\$ 476,000	\$ 380,545	\$ (95,455)

**Hardin County Soil and Water Conservation District**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Special Fund Budgetary Activity (Continued)**

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$ 485,746	\$ 284,448	\$ 201,298

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

	2022
Demand deposits	\$ 48,335
Other time deposits (savings and NOW accounts)	5,273,783
County Treasurer Deposits	250,239
Cash on Hand	100
Total deposits	\$ 5,572,457

***Deposits***

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

**Note 5 – Risk Management**

***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.

***Risk Pool Membership***

The District is a member of the CORSA (County Risk Sharing Authority) (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General Liability and Casualty
- Errors and Omissions Liability
- Auto Liability including: owned, non-owned, and hire automobiles
- Property including all real and personal property, automobiles, and equipment
- Excess Liability
- Crime: (Employee Dishonesty/Faithful Performance)

**Hardin County Soil and Water Conservation District**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 5 – Risk Management (Continued)**

***Risk Pool Membership (Continued)***

The Pool reported the following summary of actuarially measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	
Actuarial liabilities	\$9,000,000

**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.

Four (4) employees (3-F/T, 1 P/T) belong to the Ohio Public Employees Retirement System (OPERS).

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

**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.



**Hardin County Soil and Water Conservation District**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 9 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. 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	\$ 7,274
Total	<u>\$ 7,274</u>

The fund balance of the other funds is either restricted or committed. These restricted and committed 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.

**HARDIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
HARDIN COUNTY**

**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)
<b>Cash Receipts</b>				
Grants				
Local Government	\$ 13,856	\$ 132,500	\$ -	\$ 146,356
State Government	450	132,913	2,563,050	2,696,413
Federal Government	45,561	-	-	45,561
Gifts and Contributions	816	-	-	816
Sale of Products/Materials	10,256	-	-	10,256
Rentals	2,025	-	-	2,025
All Other Revenue	7,101	-	3,313	10,414
<i>Total Cash Receipts</i>	<u>80,065</u>	<u>265,413</u>	<u>2,566,363</u>	<u>2,911,841</u>
<b>Cash Disbursements</b>				
Salaries	-	168,510	-	168,510
Supplies	475	273	48	796
Equipment	1,546	-	25,004	26,550
Contract Repairs	-	4,056	-	4,056
Contract Services/Cost Share Payment	3,254	2,955	389,969	396,178
Service Fees	125	2,595	-	2,720
Information and Education	1,946	-	-	1,946
Travel and Expenses	347	1,598	-	1,945
Advertising and Printing	5,157	-	-	5,157
OPERS	-	25,029	-	25,029
Hospitalization	-	42,134	-	42,134
Product/Materials for Resale	7,172	-	-	7,172
Annual Meeting/Banquet	1,027	-	-	1,027
Other	3,224	3,123	-	6,347
<i>Total Cash Disbursements</i>	<u>24,273</u>	<u>250,273</u>	<u>415,021</u>	<u>689,567</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>55,792</u>	<u>15,140</u>	<u>2,151,342</u>	<u>2,222,274</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	53,922	1,146,225	1,200,147
Transfers Out	-	-	(1,200,147)	(1,200,147)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>53,922</u>	<u>(53,922)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	55,792	69,062	2,097,420	2,222,274
<i>Fund Cash Balances, January 1 - Restated, See Note 11</i>	<u>211,547</u>	<u>77,806</u>	<u>1,308,865</u>	<u>1,598,218</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 267,339</u>	<u>\$ 146,868</u>	<u>\$ 3,406,285</u>	<u>\$ 3,820,492</u>

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

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

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Hardin County Soil and Water Conservation District, Hardin 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.

**-CWA:** The District signs a CWA (Cooperative Working Agreement) with NRCS (Natural Resources Conservation Service) to provide technical and administrative assistance. As a result, the District works hand in hand with partner agency, NRCS, to assist landowners and/or producers with guidance or survey, design and implementation of their approved conservation practices, such as: waterways, filter strips, drainage management structures, tree planting and more.

**-MOU:** The District signs an MOU (Memorandum of Understanding) with the Upper Scioto River Conservancy annually to provide investigation, inventory and evaluation as requested by the Conservancy. Further requests may involve engineering design, ensuring proper installation and certification of projects, in accordance with the Conservancy's approved plan. Provide reporting including job diary, construction details and copies of all engineering design plans.

**-MOU:** The District signs and MOU (Memorandum of Understanding) with the Hardin County Auditor to provide: Technical oversight for lands in conservation programs enrolled in the CAUV program and complete inspections for parcels of land enrolled in USDA conservation programs for compliance in the CAUV program. Promote Best Management Practices for the sustainable use of existing conservation programs to landowners participating in the CAUV program.

***Public Entity Risk Pools***

The District participates in a public entity risk pool and is associated with a related organization. Note 5 to the financial statements provide additional information for these entities.

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.

The Special Fund is the fund which the Hardin SWCD documents and refers to at the "County Fund". The District is dependent on the approval of budget appropriations annually from the County Commissioners which then provides a funding amount that is used by the State Government, in cooperation with the Soil and Water Conservation Commission, to determine the State Match funding to be appropriated to the District through the County Treasurer.

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

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

The District uses SAGE 50 (previously Peachtree) financial records to maintain its funds during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

***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:

***299 Clean Lakes Ohio Fund:*** A State initiative to provide funding to Districts to use however the District deemed necessary be it equipment, staffing, supplies, etc.

***SB299 WLEP Buffer Program and Small Grains:*** Ohio Working Lands Buffer and Small Grains Program applies to cropland areas situated below cropland where sediment, nutrients and animal manure have the potential to be transported from the field and enter environmentally sensitive areas.

***Lake Erie NRPL:*** Included in the District fund are remaining funds from the LE NRP (Lake Erie Nutrient Reduction Program) which is no longer available.

***OEPA 319 Grant – The Outlet – Blanchard River:*** The Outlet-Blanchard River project area is mainly impaired by nutrients, flow alteration, ammonia, and direct habitat alteration due to agriculture uses. The objectives were to implement controlled drainage water management systems and install grassed waterways.

***OH Lake Erie Commission-Nine Element Hog Creek Plan:*** Work with a contracted agency to develop a Nine Element Plan with the focus areas of the Upper/Middle/Little and Lower Hog Creek Watersheds. Assist with the information to be contained in the project with the end goal being the Ohio EPA approved Non Point Source – IS for each of the four watersheds.

***H2Ohio Personnel:*** A State initiative to provide funding for farmers interested in incentives for implementing approved nutrient management practices. This fund is strictly for funding the staff for 5 years to implement the H2Ohio program at \$50,000 a year to cover benefits and their employment for a set term.

***H2Ohio Cost Share:*** A State initiative to provide funding for farmers interested in incentives for implementing approved nutrient management practices. This fund is strictly for funding of projects producers have signed up for through H2Ohio program.

***H2Ohio Cost Share Money Market:*** A State initiative to provide funding for farmers interested in incentives for implementing approved nutrient management practices. This fund is strictly for collecting higher interest rate than a regular checking account would. We house the majority of money here and transfer to the payment Cost Share account when ready to make payments to producers.

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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 , 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 Hardin 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 Hardin County located at 1 Courthouse Sq #250, Kenton, Ohio 43326. Treasurer Denise Althaus, phone number is 419-674-2205 and the email is treasurer@co.hardin.oh.us.

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.

The District has a money market account at their banking institution but has no investments. Monthly dividend income is reported in the District's accounting program, SAGE 50 and in the money market checkbook register to reconcile with the bank statement.

***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.

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

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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.

**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	\$ 320,000	\$ 319,335	\$ (665)

  

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$ 320,571	\$ 260,019	\$ 60,552

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

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**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 Hardin 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	\$ 75,940
Other time deposits (savings and NOW accounts)	3,597,584
County Treasurer Deposits	146,868
Cash on Hand	100
Total deposits	\$ 3,820,492

***Deposits***

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

**Note 5 – Risk Management**

***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.

***Risk Pool Membership***

The District is a member of the CORSA (County Risk Sharing Authority) (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General Liability and Casualty
- Errors and Omissions Liability
- Auto Liability including: owned, non-owned, and hire automobiles
- Property including all real and personal property, automobiles, and equipment
- Excess Liability
- Crime: (Employee Dishonesty/Faithful Performance)

The Pool reported the following summary of actuarially measured liabilities and the assets available to pay those liabilities as of December 31:

	2021
Cash and investments	
Actuarial liabilities	\$9,000,000

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

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**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.

Four (4) employees (3-F/T, 1 P/T) belong to the Ohio Public Employees Retirement System (OPERS).

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. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 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. 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**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. 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	\$ 9,746
Total	<u>\$ 9,746</u>

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



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

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**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.

**Note 11 – Restatement of Beginning Fund Balance**

The District and Other Funds are being restated in 2021 due to the effects of voiding a check. The restatements are as follows:

	District Fund
Ending Fund Balance at December 31, 2020	\$ 211,275
Restatement	272
Restated Fund Balance January 1, 2021	\$ 211,547
	Other Funds
Ending Fund Balance at December 31, 2020	\$ 1,308,594
Restatement	271
Restated Fund Balance January 1, 2021	\$ 1,308,865

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

Hardin County Soil and Water Conservation District  
Hardin County  
12751 St. Rt. 309 W  
Kenton, Ohio 43326

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each fund of the Hardin County Soil and Water Conservation District, Hardin County, (the District) as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements and have issued our report thereon dated June 30, 2023, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits.

***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.



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

June 30, 2023

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# OHIO AUDITOR OF STATE KEITH FABER



**HARDIN SOIL AND WATER CONSERVATION DISTRICT**

**HARDIN 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 10/24/2023**

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](http://www.ohioauditor.gov)