



**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**PREBLE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
PREBLE COUNTY**

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



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Supervisors  
Preble County Soil and Water Conservation District  
2789 US Route 35 East  
West Alexandria, Ohio 45381

We have reviewed the *Independent Auditor's Report* of the Preble County Soil and Water Conservation District, Preble 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. The Preble 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

**July 12, 2023**

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**PREBLE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
PREBLE COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Preble County Soil and Water Conservation District  
Preble County  
2789 US Rt. 35 E  
West Alexandria, Ohio 45381

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 Preble County Soil and Water Conservation District, Preble 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 May 31, 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*

May 31, 2023

**PREBLE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
PREBLE 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>				
Grants				
Local Government	\$ -	\$ 148,000	\$ -	\$ 148,000
State Government	5,600	135,298	4,000	144,898
Federal Government	17,946	-	-	17,946
Gifts and Contributions	1,755	-	2,300	4,055
Sale of Products/Materials	20,647	-	-	20,647
All Other Revenue	11,236	35	-	11,271
<i>Total Cash Receipts</i>	<u>57,184</u>	<u>283,333</u>	<u>6,300</u>	<u>346,817</u>
<b>Cash Disbursements</b>				
Salaries	-	155,164	-	155,164
Supplies & Postage	459	4,139	826	5,424
Equipment	-	22,718	-	22,718
Contract Repairs	-	1,675	688	2,363
Contract Services/Cost Share Payment	13,100	6,521	-	19,621
Rentals & Utilities	-	25,200	3,449	28,649
Service Fees	-	5,469	710	6,179
Information and Education	11,077	100	-	11,177
Travel and Expenses	-	5,902	250	6,152
Advertising and Printing	-	3,135	-	3,135
OPERS	-	21,670	-	21,670
Worker's Compensation	-	766	-	766
Hospitalization	-	44,775	-	44,775
Medicare	-	2,133	-	2,133
Product/Materials for Resale	15,260	-	-	15,260
Annual Meeting/Banquet	3,149	-	-	3,149
Vehicle Rental/ Liability Insurance	-	616	-	616
Other	2,257	-	1,500	3,757
<i>Total Cash Disbursements</i>	<u>45,302</u>	<u>299,983</u>	<u>7,423</u>	<u>352,708</u>
<i>Net Change in Fund Cash Balances</i>	11,882	(16,650)	(1,123)	(5,891)
<i>Fund Cash Balances, January 1</i>	<u>274,835</u>	<u>67,407</u>	<u>18,712</u>	<u>360,954</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 286,717</u>	<u>\$ 50,757</u>	<u>\$ 17,589</u>	<u>\$ 355,063</u>

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

**Preble County Soil and Water Conservation District**  
*Preble 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 Preble County Soil and Water Conservation District, Preble 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.

***Public Entity Risk Pool***

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

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***PL566 Sediment Basin Maintenance Fund*** The PL566 Sediment Basin Maintenance Fund account is used for the purpose of maintenance, repair work, and inspection fees for structures in the Four-Mile Creek Watershed.

***Area IV Envirothon Fund*** The Area IV Envirothon Fund accounts for and reports the proceeds of the yearly Envirothon event.

***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.

**Preble County Soil and Water Conservation District**  
*Preble 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)**

***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 Preble 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 Preble County located at 101 E Main St. #202, Eaton, Ohio 45320. Phone number is 937-456-8148.

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 maintains District Fund Investments in the form of Certificates of Deposit Held at local banks.

***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.

***Leases***

The District is the lessee in an office space agreement. Lease disbursements are recognized when they are 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.

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

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

***Fund Balance (Continued)***

***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	\$ 298,515	\$ 283,333	\$ (15,182)

  

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$ 363,515	\$ 299,983	\$ 63,532

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

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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 Preble 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	\$ 59,246
Certificates of Deposit	125,000
Other time deposits (savings and NOW accounts)	120,010
County Treasurer Deposits	50,757
Cash on Hand	50
Total deposits	\$ 355,063

***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 of \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

***Risk Pool Membership***

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The County addresses these risks by being a member of the County Risk Sharing Authority (CORSA). CORSA is a risk sharing pool established by the County Commissioners Association of Ohio (CCAO) to provide property and liability coverage for counties who are members of CCAO. It was incorporated in the State of Ohio in 1987 as a nonprofit corporation. CORSA membership currently consists of 66 counties and numerous multi-county facilities and county affiliated entities.

Each member County has one vote on all matters equipment requiring a vote, to be a cast by a designated representative. An elected board of not more than nine Directors manages the affairs of the Corporation. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees.

**Preble County Soil and Water Conservation District**  
*Preble 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's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at April 30, 2021. Data for 2022 was not available as the date of this report.

	<u>2021</u>
Cash and investments	\$151,054,939
Actuarial liabilities	(50,499,878)

CORSA provides the following coverage to the County:

- Property
- Equipment Breakdown Time
- Element
- Crime
- General Liability
- Privacy and Security Liability
- Automobile Liability
- Law Enforcement Liability Errors and Omissions Liability

**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, 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.

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

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**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 District had no outstanding encumbrances.

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 2022, the District received no 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.



**PREBLE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
PREBLE 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	\$ -	\$ 118,000	\$ 16,590	\$ 134,590
State Government	2,700	125,504	-	128,204
Federal Government	52,884	-	-	52,884
Gifts and Contributions	1,725	-	-	1,725
Sale of Products/Materials	24,885	-	-	24,885
All Other Revenue	14,971	4,149	-	19,120
<i>Total Cash Receipts</i>	<u>97,165</u>	<u>247,653</u>	<u>16,590</u>	<u>361,408</u>
<b>Cash Disbursements</b>				
Salaries	-	109,385	-	109,385
Supplies & Postage	51	2,381	20	2,452
Equipment	-	9,923	-	9,923
Contract Repairs	-	2,849	437	3,286
Contract Services/Cost Share Payment	7,025	8,054	-	15,079
Rentals & Utilities	-	25,200	-	25,200
Service Fees	-	90	710	800
Information and Education	9,991	-	-	9,991
Travel and Expenses	-	2,588	-	2,588
Advertising and Printing	-	2,803	-	2,803
OPERS	-	15,310	-	15,310
Worker's Compensation	-	898	-	898
Hospitalization	-	41,438	-	41,438
Medicare	-	1,466	-	1,466
Product/Materials for Resale	16,084	-	-	16,084
Annual Meeting/Banquet	5,827	-	-	5,827
Vehicle Rental/Liability Insurance	-	718	-	718
Other	2,191	-	-	2,191
<i>Total Cash Disbursements</i>	<u>41,169</u>	<u>223,103</u>	<u>1,167</u>	<u>265,439</u>
<i>Net Change in Fund Cash Balances</i>	55,996	24,550	15,423	95,969
<i>Fund Cash Balances, January 1</i>	<u>218,839</u>	<u>42,857</u>	<u>3,289</u>	<u>264,985</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 274,835</u>	<u>\$ 67,407</u>	<u>\$ 18,712</u>	<u>\$ 360,954</u>

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

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

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**Note 1 – Reporting Entity**

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***Public Entity Risk Pool***

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

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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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.

**Preble County Soil and Water Conservation District**  
*Preble 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)**

***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 Preble 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 Preble County located at 101 E Main St. #202, Eaton, Ohio 45320. Phone number is 937-456-8148.

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

***Capital Assets***

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***Accumulated Leave***

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

***Fund Balance***

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

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

***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.

**Preble County Soil and Water Conservation District**  
*Preble 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 Balance (Continued)***

***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	\$ 233,586	\$ 247,653	\$ 14,067

  

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$ 270,586	\$ 223,103	\$ 47,483

**Preble County Soil and Water Conservation District**  
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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 Preble 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>2021</u>
Demand Deposits	\$ 49,548
Other time deposits (savings and NOW accounts)	243,949
County Treasurer Deposits	67,407
Cash on Hand	50
Total Deposits	<u>\$ 360,954</u>

***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 of \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

***Risk Pool Membership***

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The County addresses these risks by being a member of the County Risk Sharing Authority (CORSA). CORSA is a risk sharing pool established by the County Commissioners Association of Ohio (CCAO) to provide property and liability coverage for counties who are members of CCAO. It was incorporated in the State of Ohio in 1987 as a nonprofit corporation. CORSA membership currently consists of 66 counties and numerous multi-county facilities and county affiliated entities.

Each member County has one vote on all matters equipment requiring a vote, to be a cast by a designated representative. An elected board of not more than nine Directors manages the affairs of the Corporation. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees.

**Preble County Soil and Water Conservation District**  
*Preble County*  
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*For the Year Ended December 31, 2021*

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at April 30, 2021 (the latest information available).

	<u>2021</u>
Cash and investments	\$151,054,939
Actuarial liabilities	(50,499,878)

CORSA provides the following coverage to the County:

- Property
- Equipment Breakdown Time
- Element
- Crime
- General Liability
- Privacy and Security Liability
- Automobile Liability
- Law Enforcement Liability Errors and Omissions Liability

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 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. 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.

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

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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 District had no outstanding encumbrances.

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 no 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.

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

Preble County Soil and Water Conservation District  
Preble County  
2789 US Rt. 35 E  
West Alexandria, Ohio 45381

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 Preble County Soil and Water Conservation District, Preble 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 May 31, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.



***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

May 31, 2023

**PREBLE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
PREBLE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**Material Weakness**

**Financial Reporting**

The District is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2022 and 2021, receipts, disbursements, and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Two Federal Grant receipts were recorded as State Grant receipts in the District Fund in 2022 and 2021;
- One State Grant receipt was posted to Other receipts in the District Fund in 2021;
- Conservation Camp Registration Revenue was posted to the PL566 Fund instead of the District Fund in 2021, and a disbursement was posted in the PL566 Fund to move these funds to the District Fund; and
- The activity of the Envirothon Fund was not reported in the financial statements presented for 2021, and the initial receipt of funds from Mercer County Soil and Water Conservation District were mistakenly recorded as Other receipts and Other disbursements in the District Fund.

Corrections were also made to the notes to the financial statements both to correct errors and to adjust for audit adjustments.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

**Officials' Response** – We did not receive a response from officials to this finding.

# OHIO AUDITOR OF STATE KEITH FABER



**PREBLE COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**PREBLE 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 7/25/2023**

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)