



**SANDUSKY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
SANDUSKY COUNTY**

**REGULAR AUDIT**

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



**SANDUSKY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
SANDUSKY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2022.....	5
Notes to the Financial Statements, For the Year Ended December 31, 2022.....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2021.....	12
Notes to the Financial Statements For the Year Ended December 31, 2021.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19

**This page intentionally left blank.**



**INDEPENDENT AUDITOR'S REPORT**

Sandusky County Soil and Water Conservation District  
Sandusky County  
2000 Countryside Drive, Suite A  
Fremont, Ohio 43420

To the Board of Supervisors:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of Sandusky County Soil and Water Conservation District, Sandusky 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 December 8, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 8, 2023

**This page intentionally left blank.**



**Sandusky County Soil and Water Conservation District**  
*Sandusky 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	Total (Memorandum Only)
<b>Cash Receipts</b>				
<b>Grants</b>				
Local Government	\$1,900	\$107,265		\$109,165
State Government	53,797	107,203	\$3,375,780	3,536,780
Federal Government	989			989
Gifts and Contributions	1,600			1,600
Sale of Products/Materials	7,490			7,490
Interest Income	15,908			15,908
All Other Revenue	10			10
<i>Total Cash Receipts</i>	<u>81,694</u>	<u>214,468</u>	<u>3,375,780</u>	<u>3,671,942</u>
<b>Cash Disbursements</b>				
Salaries		171,655		171,655
Supplies	1,390	1,077		2,467
Contract Services/Cost Share Payment	718	15,212	895,040	910,970
Rentals		5,400		5,400
Service Fees	165	610		775
Information and Education	4,013			4,013
Travel and Expenses	1,199	1,269		2,468
Advertising and Printing	634			634
OPERS		24,182		24,182
Worker's Compensation		692		692
Hospitalization		24,999		24,999
Medicare		2,426		2,426
Product/Materials for Resale	6,184			6,184
Vehicle Rental/Liability Insurance		1,614		1,614
Annual Meeting/Banquet	2,244			2,244
<i>Total Cash Disbursements</i>	<u>16,547</u>	<u>249,136</u>	<u>895,040</u>	<u>1,160,723</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>65,147</u>	<u>(34,668)</u>	<u>2,480,740</u>	<u>2,511,219</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		118,500		118,500
Transfers Out			(118,500)	(118,500)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>118,500</u>	<u>(118,500)</u>	
<i>Net Change in Fund Cash Balances</i>	65,147	83,832	2,362,240	2,511,219
<i>Fund Cash Balances, January 1</i>	<u>100,824</u>	<u>135,094</u>	<u>747,427</u>	<u>983,345</u>
<i>Fund Cash Balances, December 31</i>	<u>\$165,971</u>	<u>\$218,926</u>	<u>\$3,109,667</u>	<u>\$3,494,564</u>

See accompanying notes to the financial statements.

# Sandusky County Soil and Water Conservation District

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

---

## **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Sandusky County Soil and Water Conservation District, Sandusky County, Ohio (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District provides local leadership in the conservation of natural resources and stewardship of agricultural lands.

### ***Public Entity Risk Pool***

The District participates in a public entity risk pool. Note 5 to the financial statements 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:

***LE CREP:*** This fund accounts for allocations from the State, restricted to pay producers for the completion of conservation practices.

***Clean Lake 2020:*** This fund is to be used for office needs or other programs.

***Working Lands Buffer Program:*** This fund accounts for allocations from the State, restricted to pay producers for the completion of conservation practices.

***Working Lands Small Grains:*** This fund accounts for allocations from the State, restricted to pay producers for the completion of conservation practices.

## Sandusky County Soil and Water Conservation District

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

---

***WLEB NMT Staffing:*** This fund accounts for allocations from the State, restricted to pay an employee's wage and benefits for the NMT position.

***WLEB H2Ohio Staffing:*** This fund accounts for the allocations from the State, restricted to pay an employee's wage and benefits for the H2Ohio position.

***H2Ohio Cost Share:*** This fund accounts for allocations from the State, restricted to pay producers for the completion of conservation best management practices.

### ***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 Sandusky County Treasurer is the custodian for the District's Special fund's cash and investments. The County's cash and investment holds the District's Special fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Sandusky County Treasurer, Kimberly Foreman at 100 North Park Avenue, Suite 227, Fremont, Ohio 43420, or by phone at 419-334-6233, or by email [foreman\\_kimberly@co.sandusky.oh.us](mailto:foreman_kimberly@co.sandusky.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.

For the District fund and Other funds, STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized basis that provides a NAV per share that approximates fair value.

## Sandusky County Soil and Water Conservation District

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

---

### ***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 various leases (as defined by GASB 87) related to an office building space and a Kyocera Office Printer. 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.

***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.

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

**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	\$334,600	\$332,968	(\$1,632)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$264,100	\$249,187	\$14,913

**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 Sandusky 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	\$2,776,351
Certificates of deposit	26,998
County Treasurer Deposits	218,926
Total deposits	3,022,275
STAR Ohio	472,289
Total deposits and investments	\$3,494,564

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

***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.

***Investments***

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

**Sandusky County Soil and Water Conservation District**

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

---

**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***

**County Risk Sharing Authority Inc.**

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among approximately seventy counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

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

**Note 6 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 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.

**Sandusky County Soil and Water Conservation District**

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 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, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 9 – Fund Balances**

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

<u>Fund Balances</u>	<u>Special</u>	<u>Other Funds</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$51</u>	<u>\$3,109,667</u>	<u>\$3,109,718</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 – Lease**

In January 2020, the District entered into a four year lease with Sandusky County for office space. Payments are due annually in the amount of \$5,400.

**Sandusky County Soil and Water Conservation District**

*Sandusky 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	Total (Memorandum Only)
<b>Cash Receipts</b>				
Grants				
Local Government	\$600	\$87,400		\$88,000
State Government	2,572	86,373	\$342,738	431,683
Federal Government	36,050			36,050
Gifts and Contributions	900			900
Sale of Products/Materials	5,096			5,096
Interest Income	358			358
<i>Total Cash Receipts</i>	<u>45,576</u>	<u>173,773</u>	<u>342,738</u>	<u>562,087</u>
<b>Cash Disbursements</b>				
Salaries		156,857		156,857
Supplies	1,431	511		1,942
Contract Services/Cost Share Payment	245	15,558	87,206	103,009
Rentals		5,400		5,400
Service Fees	1,763	664		2,427
Information and Education	1,710			1,710
Travel and Expenses	793	867		1,660
Advertising and Printing	447			447
OPERS		25,852		25,852
Worker's Compensation		663		663
Hospitalization		15,715		15,715
Medicare		2,229		2,229
Product/Materials for Resale	3,975			3,975
Vehicle Rental/Liability Insurance	570	1,572		2,142
Annual Meeting/Banquet	2,202			2,202
Other	150			150
<i>Total Cash Disbursements</i>	<u>13,286</u>	<u>225,888</u>	<u>87,206</u>	<u>326,380</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>32,290</u>	<u>(52,115)</u>	<u>255,532</u>	<u>235,707</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		52,000		52,000
Transfers Out			(52,000)	(52,000)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>52,000</u>	<u>(52,000)</u>	
<i>Net Change in Fund Cash Balances</i>	32,290	(115)	203,532	235,707
<i>Fund Cash Balances, January 1</i>	<u>68,534</u>	<u>135,209</u>	<u>543,895</u>	<u>747,638</u>
<i>Fund Cash Balances, December 31</i>	<u>\$100,824</u>	<u>\$135,094</u>	<u>\$747,427</u>	<u>\$983,345</u>

*See accompanying notes to the financial statements.*



# Sandusky County Soil and Water Conservation District

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

---

## **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Sandusky County Soil and Water Conservation District, Sandusky County, Ohio (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District provides local leadership in the conservation of natural resources and stewardship of agricultural lands.

### ***Public Entity Risk Pool***

The District participates in a public entity risk pool. Note 5 to the financial statements 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:

***LE CREP:*** This fund accounts for allocations from the State, restricted to pay producers for the completion of conservation practices.

***Clean Lake 2020:*** This fund is to be used for office needs or other programs.

***Working Lands Buffer Program:*** This fund accounts for allocations from the State, restricted to pay producers for the completion of conservation practices.

***Working Lands Small Grains:*** This fund accounts for allocations from the State, restricted to pay producers for the completion of conservation practices.

**Sandusky County Soil and Water Conservation District**

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

---

***WLEB NMT Staffing:*** This fund accounts for allocations from the State, restricted to pay an employee's wage and benefits for the NMT position.

***WLEB H2Ohio Staffing:*** This fund accounts for the allocations from the State, restricted to pay an employee's wage and benefits for the H2Ohio position.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

The Sandusky County Treasurer is the custodian for the District's Special fund's cash and investments. The County's cash and investment holds the District's Special fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Sandusky County Treasurer, Kimberly Foreman at 100 Norh Park Avenue, Suite 227, Fremont, Ohio 43420, or by phone at 419-334-6233, or by email foreman\_kimberly@co.sandusky.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.

For the District fund and Other funds, STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized basis that provides a NAV per share that approximates fair value.

## Sandusky County Soil and Water Conservation District

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

---

### ***Accumulated Leave***

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

### ***Leases***

The District is the lessee in various leases (as defined by GASB 87) related to an office building space and a Kyocera Office Printer. 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.

***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.

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

**Note 3 – Special Fund Budgetary Activity**

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

2021 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$251,000	\$225,773	(\$25,227)

  

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$241,804	\$226,266	\$15,538

**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 Sandusky 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	\$304,430
Certificates of deposit	26,965
County Treasurer Deposits	135,094
Total deposits	466,489
STAR Ohio	516,856
Total deposits and investments	\$983,345

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

***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.

***Investments***

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

## **Sandusky County Soil and Water Conservation District**

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

---

### **Note 5 – Risk Management**

#### ***Workers' Compensation***

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

#### ***Risk Pool Membership***

##### **County Risk Sharing Authority Inc.**

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among approximately seventy counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

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

### **Note 6 – Defined Benefit Pension Plan**

#### ***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 6 percent of their gross salaries, and the District contributed an amount equaling 18 percent of participants' gross salaries, as the District picked up 4 percent of the member rate for District employees for the year ending December 31, 2021. 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.

**Sandusky County Soil and Water Conservation District**

*Sandusky County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

---

---

**Note 8 – Contingent Liabilities**

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

**Note 9 – Fund Balances**

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

<u>Fund Balances</u>	<u>Special</u>	<u>Other Funds</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$378</u>	<u>\$747,427</u>	<u>\$747,805</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 – Lease**

In January 2020, the District entered into a four year lease with Sandusky County for office space. Payments are due annually in the amount of \$5,400.

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Sandusky County Soil and Water Conservation District  
Sandusky County  
2000 Countryside Drive, Suite A  
Fremont, Ohio 43420

To the Board of Supervisors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each fund of Sandusky County Soil and Water Conservation District, Sandusky County, Ohio (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 December 8, 2022, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 8, 2023



# OHIO AUDITOR OF STATE KEITH FABER



**SANDUSKY COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**SANDUSKY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 12/21/2023**

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)