



**SENECA COUNTY SOIL AND WATER CONSERVATION DISTRICT
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023-2022

**OHIO AUDITOR OF STATE
KEITH FABER**



**SENECA COUNTY SOIL AND WATER CONSERVATION DISTRICT
SENECA COUNTY
DECEMBER 31, 2023 AND 2022**

TABLE OF CONTENTS

TITLE	PAGE
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, 2023.....	5
Notes to the Financial Statements For the Year Ended December 31, 2023.....	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2022.....	12
Notes to the Financial Statements For the Year Ended December 31, 2022.....	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
Schedule of Findings.....	21
Prepared by Management:	
Summary Schedule of Prior Audit Findings	23

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Seneca County Soil and Water Conservation District
Seneca County
3140 South State Route 100, Suite D
Tiffin, Ohio 44883

To the Board of Supervisors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Seneca County Soil and Water Conservation District, Seneca County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each fund as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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 August 8, 2024, 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

August 8, 2024

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Seneca County Soil and Water Conservation District
Seneca County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2023

	District Fund	Special Fund	Other Funds	Combined Total
Cash Receipts				
Grants				
Local Government		\$349,630		\$349,630
State Government	\$3,651	270,676	\$16,000	290,327
Federal Government	821			821
Sale of Products/Materials	12,470			12,470
Rentals	26,562			26,562
Sales Tax Collections for State of Ohio	548			548
All Other Revenue	65,617	7,990	79,328	152,935
<i>Total Cash Receipts</i>	<u>109,669</u>	<u>628,296</u>	<u>95,328</u>	<u>833,293</u>
Cash Disbursements				
Salaries		449,440		449,440
Supplies	25,884	4,224		30,108
Equipment	10,955	0		10,955
Contract Repairs		1,020		1,020
Contract Services/Cost Share Payment	44,997	3,704	1,523,091	1,571,792
Service Fees		4,237		4,237
Information and Education		1,000		1,000
Travel and Expenses	2,533	595		3,128
Advertising and Printing	16	194		210
OPERS		60,095		60,095
Worker's Compensation		3,209		3,209
Unemployment Compensation		5,600		5,600
Hospitalization		48,861		48,861
Medicare		6,235		6,235
Product/Materials for Resale	8,532	0		8,532
Vehicle Rental/Liability Insurance		29,767		29,767
Annual Meeting/Banquet		10,084		10,084
Sales Tax Collections Forwarded to State of Ohio	680	0		680
Other	11,760	774		12,534
<i>Total Cash Disbursements</i>	<u>105,357</u>	<u>629,039</u>	<u>1,523,091</u>	<u>2,257,487</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,312</u>	<u>(743)</u>	<u>(1,427,763)</u>	<u>(1,424,194)</u>
Other Financing Receipts (Disbursements)				
Transfers In	60,000	16,000	36,900	112,900
Transfers Out			(112,900)	(112,900)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>60,000</u>	<u>16,000</u>	<u>(76,000)</u>	
<i>Net Change in Fund Cash Balances</i>	64,312	15,257	(1,503,763)	(1,424,194)
<i>Fund Cash Balances, January 1</i>	<u>701,414</u>	<u>55,669</u>	<u>2,936,798</u>	<u>3,693,881</u>
<i>Fund Cash Balances, December 31</i>	<u>\$765,726</u>	<u>\$70,926</u>	<u>\$1,433,035</u>	<u>\$2,269,687</u>

See accompanying notes to the financial statements.

Seneca County Soil and Water Conservation District

Seneca County

*Notes to the Financial Statements
For the Year Ended December 31, 2023*

Note 1 – Reporting Entity

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

The Permanent Conservation Trust fund is also associated with the District. The Trust is legally separate. However, the Trust has the same governing body as the District, the District can impose its will on the trust, and there is a financial benefit or burden relationship. Therefore, the Trust is deemed a component unit of the District based on the criteria in GASB Cod. 2100. The Permanent Conservation Trust exists solely to support the District and has unaudited net assets of \$129,032 as of December 31, 2023. The District's Board of Supervisors decides how to spend the Trust's money.

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (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:

Drone Pilot Grant fund This fund holds H2Ohio funds for drone aerial seeding for implementing new practices on farms.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2023

WLEB Working Lands fund This fund holds contracted funds for landowner's that have agreed to implement conservation programs in the future.

H2Ohio fund This fund holds funds for future staff expenses of implementing the H2Ohio program and for fulfillment of landowner incentives.

Wildlife Grant fund This fund holds money specific to the grant agreement.

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 level of control, and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

A summary of 2023 budgetary activity appears in Note 4.

Deposits and Investments

The Seneca County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment pool 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 Seneca County Treasurer, Paul Harrison, 109 South Washington Street, Tiffin, Ohio 44883 or by calling (419) 447-1584.

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

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2023

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 various leases (as defined by GASB 87) related to office building space and a copier/printer. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the special and district funds is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the special and district funds and includes amounts not included in the other classifications. In other funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2023

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Compliance

Contrary to Ohio law, appropriation authority exceeded estimated resources in the Special Fund by \$48,656 for the year ended December 31, 2023.

Note 4 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$644,296	\$644,296	

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$744,548	\$630,514	\$114,034

Note 5 – Deposits and Investments

The District maintains a deposits and investments pool all funds use, except the Special Fund which is maintained by the Seneca 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>2023</u>
Demand deposits	\$23,631
Other time deposits (savings and NOW accounts)	2,154,659
County Treasurer Deposits	<u>70,926</u>
Total deposits	2,249,216
STAR Ohio	<u>20,471</u>
Total deposits and investments	<u><u>\$2,269,687</u></u>

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.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2023

Investments

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

Note 6 – 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 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2023.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2023

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – All Other Revenue

The District has other revenue in the District fund totaling \$65,617 and in Other funds totaling \$79,328. These revenues consist of contracts, interest and reimbursements.

Note 10 – 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 11 – 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>\$1,475</u>	<u>\$1,433,035</u>	<u>\$1,434,510</u>

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

Note 12 – Leases

For many years, the District has held a lease with Seneca County for office space. Payments are due annually in the amount of \$25,000.

Seneca County Soil and Water Conservation District

Seneca 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	Combined Total
Cash Receipts				
Grants				
Local Government		\$288,909		\$288,909
State Government	\$2,065	239,135	\$3,588,852	3,830,052
Sale of Products/Materials	6,146			6,146
Rentals	30,499			30,499
Farm Harvest Income	38,902			38,902
All Other Revenue	37,990	2,817	13,412	54,219
<i>Total Cash Receipts</i>	<u>115,602</u>	<u>530,861</u>	<u>3,602,264</u>	<u>4,248,727</u>
Cash Disbursements				
Salaries		396,537		396,537
Supplies	26,696	6,237	12,000	44,933
Equipment	40,605	3,005		43,610
Contract Services/Cost Share Payment	32,638	15,657	883,470	931,765
Rentals	175	30,990		31,165
Service Fees		3,542		3,542
Information and Education		750		750
Travel and Expenses	19,460	570		20,030
Advertising and Printing	539	159		698
OPERS		55,011		55,011
Worker's Compensation		3,387		3,387
Unemployment Compensation		7,989		7,989
Hospitalization		42,862		42,862
Medicare		5,506		5,506
Product/Materials for Resale	3,890	1,165		5,055
Reimbursement - State Refunds		6,189		6,189
Other	11,049	775		11,824
<i>Total Cash Disbursements</i>	<u>135,052</u>	<u>580,331</u>	<u>895,470</u>	<u>1,610,853</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,450)</u>	<u>(49,470)</u>	<u>2,706,794</u>	<u>2,637,874</u>
Other Financing Receipts (Disbursements)				
Transfers In	56,800	76,000		132,800
Transfers Out			(132,800)	(132,800)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>56,800</u>	<u>76,000</u>	<u>(132,800)</u>	
<i>Net Change in Fund Cash Balances</i>	37,350	26,530	2,573,994	2,637,874
<i>Fund Cash Balances, January 1</i>	664,064	29,139	362,804	1,056,007
<i>Fund Cash Balances, December 31</i>	<u>\$701,414</u>	<u>\$55,669</u>	<u>\$2,936,798</u>	<u>\$3,693,881</u>

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Seneca County

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For the Year Ended December 31, 2022

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Public Entity Risk Pool

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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

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Seneca County Soil and Water Conservation District

Seneca County

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

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Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Assets

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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.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2022

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Compliance

Contrary to Ohio law, appropriation authority exceeded estimated resources in the Special Fund by \$44,744 for the year ended December 31, 2022.

Note 4 – 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	\$606,861	\$606,861	

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$679,161	\$584,405	\$94,756

Note 5 – Deposits and Investments

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

Demand deposits	2022 \$98,738
Other time deposits (savings and NOW accounts)	3,520,043
County Treasurer Deposits	55,669
Total deposits	3,674,450
STAR Ohio	19,431
Total deposits and investments	\$3,693,881

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.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Investments

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

Note 6 – 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 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS 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 OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

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

Note 9 – All Other Revenue

The District has other revenue in the District fund totaling \$37,990. These revenues consist of contracts, interest and reimbursements.

Note 10 – 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 11 – 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>\$4,074</u>	<u>\$2,936,798</u>	<u>\$2,940,872</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 12 – Leases

For many years, the District has held a lease with Seneca County for office space. Payments are due annually in the amount of \$25,000.

OHIO AUDITOR OF STATE KEITH FABER



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

Seneca County Soil and Water Conservation District
Seneca County
3140 South State Route 100, Suite D
Tiffin, Ohio 44883

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 Seneca County Soil and Water Conservation District, Seneca County, Ohio (the District) as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements and have issued our report thereon dated August 8, 2024, 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 opinion 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 2023-001 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

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

August 8, 2024

**SENECA COUNTY SOIL AND WATER CONSERVATION DISTRICT
SENECA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section, 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Errors were noted in the financial statements, resulting in the following audit adjustments:

- Transfers out and All Other Revenue were overstated in the amount of \$36,900 in the District fund in 2023.
- Transfers In and Transfers Out were overstated in the amount of \$8,000 in the WLEB Working Lands fund in 2022.
- All Other Revenue and Other cash disbursements were overstated in the amount of \$8,000 in the District fund in 2022.

Errors were also noted in the notes to the financial statements, resulting in the following audit adjustments:

- Estimated receipt amounts for the Special fund were decreased by \$134,335 and \$87,293 in 2023 and 2022, respectively, in order to bring the notes to the financial statements in line with the authorized budget amounts.
- Budgetary Expenditures amounts for the Special fund were decreased by \$69,450 in 2023 and increased by \$4,073 in 2022, in order to bring the notes to the financial statements in line with actual budgetary expenditures.

The District's financial statements and notes to the financial statements oversight and review procedures were not sufficient to ensure activity is properly recorded and reported in the financial statements and notes. Failure to complete accurate financial statements and notes to the financial statements could lead to the Board making misinformed decisions. The adjustments noted above have been made to the District ledgers and are reflected in the accompanying financial statements and notes to the financial statements.

The District should develop and implement policies and procedures for oversight and review of the financial statements and notes to the financial statements by the District Administrator, Financial Coordinator, and Board of Supervisors to help ensure the completeness and accuracy of the District's financial ledgers and reports.

FINDING NUMBER 2023-002

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the County Budget Commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the County Auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such officials estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2023 and December 31, 2022, the District’s appropriations exceeded the amount certified as available by the budget commission in the Special fund by \$48,656 and \$44,744, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the District’s compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The District should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the District should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Supervisors and submitted to the County (fiscal agent) for their approval, to reduce the appropriations.

Officials’ Response:

We did not receive a response from Officials to the findings reported above.



SENECA

Conservation District

Our Community • Our Resources • Our Future

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Tiffin, OH44883

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material weakness due to errors in financial reporting	Not corrected and repeated in this report as Finding 2023-001.	This finding was first reported in the audit of the 2018-2019 financial statements. Finding reoccurred as a result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The District Administrator will ensure these are accounted for correctly in the future.
2021-002	Noncompliance and material weakness over Ohio Rev. Code § 5705.10(D) due to inappropriately recording a Wolf Grant receipt.	Fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



SENECA COUNTY SOIL AND WATER CONSERVATION DISTRICT

SENECA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/20/2024

65 East State 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