



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LUCAS SOIL AND WATER CONSERVATION DISTRICT  
LUCAS COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Lucas Soil and Water Conservation District  
Lucas County  
130-A West Dudley Street  
Maumee, Ohio 43537

To the Board of Supervisors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund and related notes of Lucas Soil and Water Conservation District, Lucas County, Ohio (the District), as of and for the years ended December 31, 2020 and 2019.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions the Ohio Department of Agriculture permits; 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.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the District prepared these financial statements using 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 requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Agriculture permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above 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, 2020 and 2019, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund of Lucas Soil and Water Conservation District, Lucas County, Ohio, as of and for the years ended December 31, 2020 and 2019, in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

***Emphasis of Matters***

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

As discussed in Note 12 to the financial statements, for the year ended December 31, 2020, the District restated the beginning fund balances in the District and Special Funds to properly report grants in accordance with guidance from the Ohio Department of Agriculture. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 25, 2021

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**Lucas Soil and Water Conservation District**  
*Lucas County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2020*

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants				
Local Government	\$314	\$131,151		\$131,465
State Government	27,716	192,611	\$533,293	753,620
Federal Government			42,743	42,743
Gifts and Contributions	3,496			3,496
Sale of Products/Materials	29,413			29,413
Farm Harvest Income	38,114			38,114
All Other Revenue	6,783	6,612		13,395
<i>Total Cash Receipts</i>	<u>105,836</u>	<u>330,374</u>	<u>576,036</u>	<u>1,012,246</u>
<b>Cash Disbursements</b>				
Salaries		211,921	59,895	271,816
Supplies	3,854		1,562	5,416
Equipment	501	13,613	17	14,131
Contract Services/Cost Share Payment	4,199		37,350	41,549
Rentals		15,600		15,600
Farm	23,530			23,530
Information and Education	4,331		35	4,366
Travel and Expenses	6,584		450	7,034
Advertising and Printing	4,237			4,237
OPERS		34,378	3,497	37,875
Worker's Compensation		2,001	110	2,111
Hospitalization		36,355	17,426	53,781
Medicare		3,463	362	3,825
Product/Materials for Resale	22,488			22,488
Vehicle	4,489			4,489
Vehicle Rental/Liability Insurance	6,388			6,388
Annual Meeting/Banquet	681			681
Other	37,557		170	37,727
<i>Total Cash Disbursements</i>	<u>118,839</u>	<u>317,331</u>	<u>120,874</u>	<u>557,044</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,003)</u>	<u>13,043</u>	<u>455,171</u>	<u>455,202</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	220,000			220,000
Transfers Out			(220,000)	(220,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>220,000</u>		<u>(220,000)</u>	
<i>Net Change in Fund Cash Balances</i>	206,997	13,043	235,171	455,211
<i>Fund Cash Balances, January 1 (restated)</i>	<u>301,749</u>	<u>231,848</u>	<u>77,416</u>	<u>611,013</u>
<i>Fund Cash Balances, December 31</i>	<u>\$508,746</u>	<u>\$244,891</u>	<u>\$312,587</u>	<u>\$1,066,224</u>

*See accompanying notes to the basic financial statements*

# Lucas Soil and Water Conservation District

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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## Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Lucas Soil and Water Conservation District, Lucas 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 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 (regulatory 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 Fund:

**H2Ohio fund** This fund accounts for grant revenue provided by the State of Ohio to provide for staffing for the H2Ohio program.

### *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.

## Lucas Soil and Water Conservation District

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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**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 2020 budgetary activity appears in Note 3.

### **Deposits and Investments**

The Lucas 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 Lucas County Auditor's Office, Anita Lopez, Auditor, One Government Center Suite 600, Toledo, Ohio 43604-2255, or by calling 419-213-4399.

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

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

### **Capital Assets**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

### **Accumulated Leave**

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

### **Fund Balance**

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

**Nonspendable** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**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.

**Lucas Soil and Water Conservation District**

*Lucas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

**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*.

**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.

**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$354,281	\$330,374	(\$23,907)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$454,469	\$317,331	\$137,138

**Note 4 – Deposits and Investments**

The District maintains a deposits and investments pool for the district fund. The Lucas County Treasurer maintains a deposits and investments pool for the special fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2020 \$704,583
County Treasurer Deposits	293,852
Total deposits	998,435
STAR Ohio	67,789
Total deposits and investments	\$1,066,224

**Lucas Soil and Water Conservation District**

*Lucas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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***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.

**Note 5 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio and is administered through Lucas County. The District pays the State Workers' Compensation System a premium based on a dollar for dollar of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

***Self-Insurance***

The District through the Lucas County self-insurance is insured for employee health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance Fund cash and investments to the actuarially measured liability as of December 31 follows and are the County self-insurance dollar amounts:

	<u>2020</u>
Cash and investments	\$9,449,400
Actuarial liabilities	\$4,494,200

**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.

## **Lucas Soil and Water Conservation District**

*Lucas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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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, 2020.

### **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 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

### **Note 8 – Contingent Liabilities**

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

### **Note 9 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

### **Note 10 – Fund Balances**

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 11 – Change in Accounting Principle**

For 2020, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**Lucas Soil and Water Conservation District**  
*Lucas County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Accounting Change**

During 2020, the District changed the fund classification of certain grant funds to report activity separately per guidance that was provided by the Ohio Department of Agriculture. These adjustments had the following impact on the previously reported fund balances.

	<u>District Fund</u>	<u>Special Fund</u>	<u>Other Funds</u>
Fund Balance at December 31, 2019	\$ 328,896	\$ 282,117	\$ -
Adjustment	<u>(27,147)</u>	<u>(50,269)</u>	<u>77,416</u>
Restated Fund Balance at January 1, 2020	<u>\$ 301,749</u>	<u>\$ 231,848</u>	<u>\$ 77,416</u>

**Lucas Soil and Water Conservation District**  
*Lucas County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended December 31, 2019*

	District Fund	Special Fund	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Grants			
Local Government	\$82	\$131,483	\$131,565
State Government	20,395	240,374	260,769
Federal Government	52,114		52,114
Sale of Products/Materials	30,514		30,514
Rentals	2,000		2,000
Farm Harvest Income	100,839		100,839
All Other Revenue	29,950	3,125	33,075
<i>Total Cash Receipts</i>	<u>235,894</u>	<u>374,982</u>	<u>610,876</u>
<b>Cash Disbursements</b>			
Salaries		244,310	244,310
Supplies	17,619		17,619
Equipment	34,085		34,085
Contract Services/Cost Share Payment	59,149		59,149
Rentals	297	15,600	15,897
Training and workshops	4,752		4,752
Information and Education	20,242		20,242
Travel and Expenses	5,521		5,521
Advertising and Printing	9,187		9,187
OPERS		34,124	34,124
Worker's Compensation		1,880	1,880
Hospitalization		35,191	35,191
Medicare		3,452	3,452
Product/Materials for Resale	16,032		16,032
Vehicle Rental/Liability Insurance	6,674		6,674
Annual Meeting/Banquet	1,639		1,639
Other	27,244		27,244
<i>Total Cash Disbursements</i>	<u>202,441</u>	<u>334,557</u>	<u>536,998</u>
<i>Net Change in Fund Cash Balances</i>	33,453	40,425	73,878
<i>Fund Cash Balances, January 1</i>	<u>295,443</u>	<u>241,692</u>	<u>537,135</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	27,147		27,147
Assigned		65,188	65,188
Unassigned	301,749	216,929	518,678
<i>Fund Cash Balances, December 31</i>	<u>\$328,896</u>	<u>\$282,117</u>	<u>\$611,013</u>

*See accompanying notes to the basic financial statements*



## Lucas Soil and Water Conservation District

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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### Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Lucas Soil and Water Conservation District, Lucas 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 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 (regulatory 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.

#### *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 objet 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.

## Lucas Soil and Water Conservation District

Lucas County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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**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 2019 budgetary activity appears in Note 3.

### **Deposits and Investments**

The Lucas 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 Lucas County Auditor's Office, Anita Lopez, Auditor, One Government Center, Suite 600, Toledo, Ohio 43604-2255, or by calling 419-213-4399.

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

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

### **Capital Assets**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

### **Accumulated Leave**

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

### **Fund Balance**

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

**Nonspendable** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**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.

**Lucas Soil and Water Conservation District**

*Lucas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the special and district funds and includes amounts not included in the other classifications.

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.

**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$499,320	\$374,982	(\$124,338)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$513,907	\$334,557	\$179,350

**Note 4 – Deposits and Investments**

The District maintains a deposits and investments pool for the district fund. The Lucas County Treasurer maintains a deposit and investments pool for the special fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2019 \$261,585
County Treasurer Deposits	282,117
Total deposits	543,702
STAR Ohio	67,311
Total deposits and investments	\$611,013

**Lucas Soil and Water Conservation District**

*Lucas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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***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.

**Note 5 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio and is administered through Lucas County. The District pays the State Workers' Compensation System a premium based on a dollar for dollar of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

***Self-Insurance***

The District through Lucas County self-insurance plan is insured for employee health insurance. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. A comparison of Self Insurance Fund cash and investments to the actuarially measured liability as of December 31 follows and are the County self-insurance dollar amounts:

	<u>2019</u>
Cash and investments	\$540,728
Actuarial liabilities	\$4,575,200

**Lucas Soil and Water Conservation District**

*Lucas County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 6 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

**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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 8 – Contingent Liabilities**

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

**Note 9 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 10 – All Other Revenue**

All Other Revenue consists mainly of outdoor camp income and fees collected from the Rain Garden Initiative Program.

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# OHIO AUDITOR OF STATE KEITH FABER



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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

Lucas Soil and Water Conservation District  
Lucas County  
130-A West Dudley Street  
Maumee, Ohio 43537

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each fund of Lucas Soil and Water Conservation District, Lucas County, Ohio (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated August 25, 2021 wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District. In addition, we noted the District restated beginning fund balances to properly report grant activity.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 25, 2021



**LUCAS SOIL AND WATER CONSERVATION DISTRICT  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**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. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors requiring adjustments to the financial statements and/or notes to the financial statements were identified:

- In 2020, beginning fund balance was overstated in the amount of \$50,269 in the Special Fund and understated in the amount of \$50,269 in the District Fund.
- In 2020, federal government grants were incorrectly classified as state government grants in the Other Funds in the amount of \$42,743.
- In 2019, Special Fund subsequent year appropriations in excess of estimated receipts was incorrectly classified as unassigned instead of assigned fund balance in the amount of \$65,188.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failing to prepare accurate financial statements could lead the Board of Supervisors to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$2,893 to \$16,184 that were not significant to the financial statements that we have brought to the District's attention.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the District Manager and Board of Supervisors, to help identify and correct errors and omissions.

**Officials' Response:**

We did not receive a response from Officials to this finding.



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Board of Supervisors

Diane DeYonker  
Stephen Loeffler  
Kevin Joyce  
Tom Schoen  
Jim Vogelbacher

...

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

District Staff

**Matthew Browne**  
*H2Ohio Technician*

**Jessica Grisier**  
*Administrative  
Assistant*

**Jamie Kochensparger**  
*Education & Outreach Director*

**Dj Mears**  
*Drainage/Agricultural  
Conservationist*

**Joey Sink-Oiler**  
*District Manager*

**Jessica Wilbarger**  
*Natural Resources Specialist*

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material weakness due to errors in financial reporting.	Not corrected and reissued as Finding 2020-001 in this report.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements and notes to the financial statements prior to filing the District's annual report. The District is implementing procedures to correct these errors for the future.
2018-002	Material weakness over bank account reconciliations.	Corrected.	

*Specializing in Natural Resource Management & Education*

# OHIO AUDITOR OF STATE KEITH FABER



**LUCAS SOIL AND WATER CONSERVATION DISTRICT**

**LUCAS 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 9/9/2021**

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)