



OHIO AUDITOR OF STATE
KEITH FABER



**PAULDING COUNTY SOIL AND WATER CONSERVATION DISTRICT
PAULDING COUNTY
DECEMBER 31, 2020 AND 2019**

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, 2020 | 5 |
| Notes to the Financial Statements For the Year Ended December 31, 2020 | 6 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2019 | 11 |
| Notes to the Financial Statements For the Year Ended December 31, 2019 | 12 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 17 |
| Schedule of Findings..... | 19 |
| Prepared by Management: | |
| Summary Schedule of Prior Audit Findings..... | 21 |

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Paulding County Soil and Water Conservation District
Paulding County
900 Fairground Drive, Suite B
Paulding, Ohio 45879

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 Paulding County Soil and Water Conservation District, Paulding 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 these 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 Paulding County Soil and Water Conservation District, Paulding 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 Matter

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 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 27, 2021

This page intentionally left blank.

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

| | District Fund | Special Fund | Totals (Memorandum Only) |
|---|--------------------|-----------------|--------------------------------|
| Cash Receipts | | | |
| Grants | | | |
| Local Government | | \$64,500 | \$64,500 |
| State Government | \$3,493,710 | 87,119 | 3,580,829 |
| Gifts and Contributions | 382 | | 382 |
| Sale of Products/Materials | 9,941 | | 9,941 |
| Rentals | 30,084 | | 30,084 |
| All Other Revenue | 51,653 | 30,739 | 82,392 |
| <i>Total Cash Receipts</i> | <u>3,585,770</u> | <u>182,358</u> | <u>3,768,128</u> |
| Cash Disbursements | | | |
| Salaries | | 219,248 | 219,248 |
| Supplies | 7,130 | 13,005 | 20,135 |
| Equipment | 23,944 | 10,641 | 34,585 |
| Contract Services/Cost Share Payment | 528,516 | | 528,516 |
| Rentals | 3,937 | 6,399 | 10,336 |
| Service Fees | 38 | 1,659 | 1,697 |
| Travel and Expenses | 890 | 1,731 | 2,621 |
| Advertising and Printing | 1,682 | 410 | 2,092 |
| OPERS | | 28,164 | 28,164 |
| Worker's Compensation | | 1,217 | 1,217 |
| Medicare | | 3,179 | 3,179 |
| Product/Materials for Resale | 3,142 | 871 | 4,013 |
| Annual Meeting/Banquet | 3,499 | | 3,499 |
| Insurance | 41,793 | 32,406 | 74,199 |
| Other | 4,533 | 12,219 | 16,752 |
| <i>Total Cash Disbursements</i> | <u>619,104</u> | <u>331,149</u> | <u>950,253</u> |
| <i>Net Change in Fund Cash Balances</i> | 2,966,666 | (148,791) | 2,817,875 |
| <i>Fund Cash Balances, January 1</i> | <u>539,295</u> | <u>184,705</u> | <u>724,000</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$3,505,961</u> | <u>\$35,914</u> | <u>\$3,541,875</u> |

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

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

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Deposits and Investments

The Paulding 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 Paulding County Treasurer, Lou Ann Wannemacher, at 115 North Williams Street, Paulding, Ohio 45879 or by calling 419-399-8280.

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, STAR Ohio is measured at a net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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.

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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 12.

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund | Budgeted Receipts | Actual Receipts | Variance |
| Special | \$270,109 | \$182,358 | (\$87,751) |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund | Appropriation Authority | Budgetary Expenditures | Variance |
| Special | \$353,955 | \$331,149 | \$22,806 |

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

| | |
|--|-------------|
| | 2020 |
| Demand deposits | \$322,628 |
| Other time deposits (savings and NOW accounts) | 2,564,198 |
| County Treasurer Deposits | 35,914 |
| Total deposits | 2,922,740 |
| STAR Ohio | 619,135 |
| Total deposits and investments | \$3,541,875 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 5 – Risk Management

Workers' Compensation

The County Commissioners Association of Ohio Service Corporation, is a worker's compensation group rating plan (the Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Risk Pool Membership

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 66 counties and 44 county-related entities 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.

CORSA's net position as of fiscal year end April 30, 2020 was \$94,439,273. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

Property and casualty settlements did not exceed insurance coverage for the past three years, and the District has not had a significant reduction in coverage from the prior year.

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, 2020.

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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 – 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).

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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 in the District and Special Funds primarily consisted of interest and reimbursements.

Note 11 – Compliance

Contrary to Ohio Rev. Code § 5705.10(D), the District recorded rental and grant receipts in the wrong fund.

Note 12 – Fund Balances

The fund balance of the District funds are either restricted, committed, or unassigned. In the Special funds, fund balances are considered unassigned.

Paulding County Soil and Water Conservation District
Paulding County
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) |
|---|------------------|------------------|--------------------------------|
| Cash Receipts | | | |
| Grants | | | |
| Local Government | | \$64,500 | \$64,500 |
| State Government | \$684,594 | 75,188 | 759,782 |
| Gifts and Contributions | 4,700 | | 4,700 |
| Sale of Products/Materials | 8,842 | 111 | 8,953 |
| Rentals | 14,844 | | 14,844 |
| All Other Revenue | 38,462 | 29,087 | 67,549 |
| <i>Total Cash Receipts</i> | <u>751,442</u> | <u>168,886</u> | <u>920,328</u> |
| Cash Disbursements | | | |
| Salaries | | 144,914 | 144,914 |
| Supplies | 5,274 | 6,905 | 12,179 |
| Equipment | 227,590 | 7,663 | 235,253 |
| Contract Services/Cost Share Payment | 35,963 | | 35,963 |
| Rentals | 10,306 | 2,281 | 12,587 |
| Service Fees | 9,246 | 733 | 9,979 |
| Information and Education | 1,209 | 2,097 | 3,306 |
| Travel and Expenses | 400 | 4,450 | 4,850 |
| Advertising and Printing | 841 | 941 | 1,782 |
| OPERS | | 20,280 | 20,280 |
| Worker's Compensation | | 898 | 898 |
| Utilities | 674 | 5,684 | 6,358 |
| Hospitalization | 22,708 | 358 | 23,066 |
| Medicare | | 2,101 | 2,101 |
| Product/Materials for Resale | 6,157 | 667 | 6,824 |
| Annual Meeting/Banquet | 3,155 | 318 | 3,473 |
| Other | | 34,781 | 34,781 |
| <i>Total Cash Disbursements</i> | <u>323,523</u> | <u>235,071</u> | <u>558,594</u> |
| <i>Net Change in Fund Cash Balances</i> | 427,919 | (66,185) | 361,734 |
| <i>Fund Cash Balances, January 1</i> | <u>111,376</u> | <u>250,890</u> | <u>362,266</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 377,793 | | 377,793 |
| Committed | 6,255 | | 6,255 |
| Unassigned | 155,247 | 184,705 | 339,952 |
| <i>Fund Cash Balances, December 31</i> | <u>\$539,295</u> | <u>\$184,705</u> | <u>\$724,000</u> |

See accompanying notes to the basic financial statements

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Paulding County Soil and Water Conservation District, Paulding 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 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 (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 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 2019 budgetary activity appears in Note 3.

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Deposits and Investments

The Paulding 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 Paulding County Treasurer, Lou Ann Wannemacher, at 115 North Williams Street, Paulding, Ohio 45879 or by calling 419-399-8280.

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, STAR Ohio is measured at a net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the Special and District Funds report all fund balances as *assigned* unless they are 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. In other funds, the unassigned classification is used only to report a deficit balance.

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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 December 31, 2019 follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund | Budgeted Receipts | Actual Receipts | Variance |
| Special | \$504,000 | \$168,886 | (\$335,114) |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund | Appropriation Authority | Budgetary Expenditures | Variance |
| Special | \$448,100 | \$235,071 | \$213,029 |

Note 4 – Deposits and Investments

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

| | |
|--------------------------------|-----------|
| | 2019 |
| Demand deposits | \$159,552 |
| County Treasurer Deposits | 184,705 |
| Total deposits | 344,257 |
| STAR Ohio | 379,743 |
| Total deposits and investments | \$724,000 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 5 – Risk Management

Workers' Compensation

The County Commissioners Association of Ohio Service Corporation, is a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Risk Pool Membership

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 66 counties and 44 county-related entities 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.

CORSA's net position as of fiscal year end April 30, 2019 was \$89,060,705. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

Property and casualty settlements did not exceed insurance coverage for the past three years, and the District has not had a significant reduction in coverage from the prior year.

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, 2019.

Paulding County Soil and Water Conservation District
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 7 – Postemployment Benefits

OPERS offers 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 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 – Compliance

Contrary to Ohio Rev. Code § 5705.10(D), the District recorded grant receipts and disbursements in the wrong fund.

Note 9 – Subsequent Events

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.

The District was approved for an H2Ohio Program Grant, from the Ohio Department of Agriculture, in 2020. This grant, in the amount of \$6,409,209, will be used to minimize the potential for phosphorous and other nutrients to drain into the Maumee Watershed Basin and Lake Erie. The District received \$2,863,684 during 2020 with remaining grant monies to be received in 2021.

Note 10 – All Other Revenue

All other revenue in the District and Special Funds primarily consisted of interest and reimbursements.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Paulding County Soil and Water Conservation District
Paulding County
900 Fairground Drive, Suite B
Paulding, Ohio 45879

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 Paulding County Soil and Water Conservation District, Paulding 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 27, 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.

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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

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 statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 27, 2021

**PAULDING COUNTY SOIL AND WATER CONSERVATION DISTRICT
PAULDING COUNTY**

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

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

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 were identified in the accompanying financial statements:

- In 2020, outstanding encumbrances in the Fund Balances note to the financial statements were overstated in the District, Special, and Other Funds in the amounts of \$34,812, \$21,164, and \$3,119,125, respectively.
- In 2019, unassigned fund balance within the Special Fund was incorrectly classified as restricted in the amount of \$12,420.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Board of Supervisors making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$1,980 to \$12,420 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, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Supervisors, to help identify and correct errors and omissions.

FINDING NUMBER 2020-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

- In 2020, the District inappropriately recorded \$21,007 of rental revenue in the Special Fund. Given the source of the revenue, this should have been recorded in the District Fund.
- In 2020 and 2019, the District inappropriately recorded \$31,650 and \$85,000, respectively, of grant revenue in the Special Fund. Given the source of the revenue, this should have been recorded in the District Fund.
- In 2019, the District inappropriately recorded \$194,000 of grant revenue and disbursements in the Special Fund as federal government grants and rental disbursements. Given the source of the revenue, this should have been recorded in the District Fund as state government grants and equipment disbursements.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

The Paulding County Soil and Water Conservation District has reviewed the findings summary and has a better understanding of the posting issues and has made it a priority to work on correcting these issues for future postings.

Celebrating 71 years of Conservation!

900 Fairground Dr. Suite B
Paulding, Ohio 45879

Phone: 419-399-4771



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

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|--|--|--|
| 2018-001 | This finding was first reported in 2012. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements. | Not corrected and reissued as Finding 2020-001 in this report. | The District has reviewed findings and will adopt revised practices for classifying grant incomes and disbursements as separate funds. |

Our Mission: To promote the wise use of our natural resources in order to enhance the environment and quality of life for the people of Paulding County.

paulding@pauldingswcd.org www.pauldingswcd.org

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



PAULDING COUNTY SOIL AND WATER CONSERVATION DISTRICT

PAULDING 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 9/21/2021

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