



**DEFIANCE SOIL AND WATER CONSERVATION DISTRICT  
DEFIANCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021-2020**



**DEFIANCE SOIL AND WATER CONSERVATION DISTRICT  
DEFIANCE COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Defiance Soil and Water Conservation District  
Defiance County  
06879 Evansport Road, Suite C  
Defiance, Ohio 43512

To the Board of Supervisors:

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

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of Defiance Soil and Water Conservation District, Defiance County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each fund as of and for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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.

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Efficient • Effective • Transparent

***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.

***Emphasis of Matter***

As discussed in Note 8 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

***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 November 4, 2022, 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

November 4, 2022

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**Defiance Soil and Water Conservation District  
Defiance County**

**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
For the Year Ended December 31, 2021**

	District Fund	Special Fund	Special Projects Fund	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants				
Local Government		\$258,314		\$258,314
State Government		226,644	\$1,804,063	2,030,707
Gifts and Contributions	\$4,078			4,078
Sale of Products/Materials	24,317			24,317
Rentals	10,999			10,999
All Other Revenue	20,582	5,955	18,780	45,317
<b>Total Cash Receipts</b>	<b>59,976</b>	<b>490,913</b>	<b>1,822,843</b>	<b>2,373,732</b>
<b>Cash Disbursements</b>				
Salaries		362,504		362,504
Supplies	15	11,336		11,351
Equipment	1,139	11,873		13,012
Contract Services/Cost Share Payment	10	31,727	1,185,815	1,217,552
Rentals		42,749		42,749
Information and Education	2,173			2,173
Travel and Expenses	1,616	8,071		9,687
Advertising and Printing		11,369		11,369
OPERS		50,495		50,495
Worker's Compensation		249		249
Hospitalization		75,032		75,032
Medicare		5,101		5,101
Product/Materials for Resale	8,361			8,361
Other	14,716	214	105	15,035
<b>Total Cash Disbursements</b>	<b>28,030</b>	<b>610,720</b>	<b>1,185,920</b>	<b>1,824,670</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>31,946</b>	<b>(119,807)</b>	<b>636,923</b>	<b>549,062</b>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		142,500	9,890	152,390
Transfers Out			(152,390)	(152,390)
<b>Total Other Financing Receipts (Disbursements)</b>		<b>142,500</b>	<b>(142,500)</b>	
<b>Net Change in Fund Cash Balances</b>	<b>31,946</b>	<b>22,693</b>	<b>494,423</b>	<b>549,062</b>
<b>Fund Cash Balances, January 1</b>	<b>360,332</b>	<b>198,325</b>	<b>6,590,890</b>	<b>7,149,547</b>
<b>Fund Cash Balances, December 31</b>	<b>\$392,278</b>	<b>\$221,018</b>	<b>\$7,085,313</b>	<b>\$7,698,609</b>

See accompanying notes to the basic financial statements

**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021**

**Note 1 – Reporting Entity**

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

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

***H2Ohio Ag Producers Fund*** This fund accounts for grant monies received from the Ohio Department of Agriculture used for the phosphorus reduction program.

***SB 299 Fund*** This fund accounts for grant monies received from the Ohio Department of Agriculture used for cost-share practices within producer contracts.

***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.

**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(Continued)**

***Budgetary Process***

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

The Defiance 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 Defiance County Treasurer, Vickie Myers, at 500 West Second Street, Suite 101, Defiance, Ohio 43512 or by calling 419-782-8741.

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 the 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. 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.

**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(Continued)**

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balances is included in Note 10.

**Note 3 – Special Fund Budgetary Activity**

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Special Fund	\$681,423	\$633,413	(\$48,010)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Special Fund	\$819,556	\$610,720	\$208,836

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

**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(Continued)**

	<u>2021</u>
Demand deposits	\$158,706
Other time deposits	7,035,313
County Treasurer Deposits	<u>221,018</u>
Total deposits	7,415,037
STAR Ohio	<u>283,492</u>
Total deposits and investments	<u><u>\$7,698,529</u></u>

At the end of the year, the District had \$80 in undeposited cash on hand which is included as part of "Fund Cash Balance".

***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.

**Note 5 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 66 counties and 41 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 of a fiscal year end April 30, 2021 was \$100,555,061. CORSA's audited financial statements may be obtained by contacting the County Commissioners' Association of Ohio in Columbus, Ohio.

**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2021  
(Continued)**

**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, 2021.

**Note 7 – Post-employment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit post-employment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 8 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 9 – All Other Revenue**

All other revenue in the District Fund primarily consisted of interest, donations, and reimbursements.

**Note 10 – Fund Balances**

The fund balance of the Special Projects Fund is restricted.

**Note 11 – Interfund Transfers**

During 2021, the District transferred monies in the amounts of \$60,000 and \$82,500 from the H2Ohio Staffing and Nutrient Management Staffing Funds, respectively, to the Special Fund for grant payroll disbursements. They also transferred \$9,890 from the SB 299 Fund to the Interest and Technical Assistance Fund to reimburse for technical assistance services provided to the SB 299 Fund.

**Defiance Soil and Water Conservation District  
Defiance 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	Special Projects Fund	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants				
Local Government		\$258,314		\$258,314
State Government		226,992	\$1,158,593	1,385,585
Gifts and Contributions	\$21			21
Sale of Products/Materials	8,796			8,796
Rentals	11,485			11,485
All Other Revenue	11,820	32,647	68,801	113,268
<b>Total Cash Receipts</b>	<b>32,122</b>	<b>517,953</b>	<b>1,227,394</b>	<b>1,777,469</b>
<b>Cash Disbursements</b>				
Salaries		362,272		362,272
Supplies	384	10,628	18	11,030
Equipment	2,774	11,275		14,049
Contract Services/Cost Share Payment	1,165	26,062	1,633,520	1,660,747
Rentals		41,915		41,915
Information and Education	536			536
Travel and Expenses	968	7,124		8,092
Advertising and Printing		10,581		10,581
OPERS		50,275		50,275
Worker's Compensation		3,247		3,247
Hospitalization		77,217		77,217
Medicare		5,103		5,103
Product/Materials for Resale	6,234			6,234
Other	7,447	212		7,659
<b>Total Cash Disbursements</b>	<b>19,508</b>	<b>605,911</b>	<b>1,633,538</b>	<b>2,258,957</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>12,614</b>	<b>(87,958)</b>	<b>(406,144)</b>	<b>(481,488)</b>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		120,000		120,000
Transfers Out			(120,000)	(120,000)
<b>Total Other Financing Receipts (Disbursements)</b>		<b>120,000</b>	<b>(120,000)</b>	
<b>Net Change in Fund Cash Balances</b>	<b>12,614</b>	<b>32,042</b>	<b>(526,144)</b>	<b>(481,488)</b>
<b>Fund Cash Balances, January 1</b>	<b>347,718</b>	<b>166,283</b>	<b>7,117,034</b>	<b>7,631,035</b>
<b>Fund Cash Balances, December 31</b>	<b>\$360,332</b>	<b>\$198,325</b>	<b>\$6,590,890</b>	<b>\$7,149,547</b>

See accompanying notes to the basic financial statements

**Defiance Soil and Water Conservation District  
Defiance 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 Defiance Soil and Water Conservation District, Defiance 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 of 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.

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

***SB 299 Fund*** This fund accounts for grant monies received from the Ohio Department of Agriculture used for cost-share practices within producer contracts.

***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.



**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2020  
(Continued)**

**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 Defiance 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 Defiance County Treasurer, Vickie Myers, at 500 West Second Street, Suite 101, Defiance, Ohio 43512 or by calling 419-782-8741.

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 the 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 *non-spendable* 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.

**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2020  
(Continued)**

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

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

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

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

For regulatory purposes, limited disclosure related to fund balances is included in Note 10.

**Note 3 – Special Fund Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
Special Fund	\$611,857	\$637,953	\$26,096

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
Special Fund	\$624,412	\$605,911	\$18,501

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

**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2020  
(Continued)**

	<u>2020</u>
Demand deposits	\$126,988
Other time deposits	6,540,890
County Treasurer Deposits	<u>198,325</u>
Total deposits	6,866,203
STAR Ohio	<u>283,261</u>
Total deposits and investments	<u><u>\$7,149,464</u></u>

At the end of the year, the District had \$83 in undeposited cash on hand which is included as part of "Fund Cash Balance".

***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.

**Note 5 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

**County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among 66 counties and 40 county-related entities in Ohio. CORSA was formed as an Ohio no-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.

**Defiance Soil and Water Conservation District  
Defiance County**

**Notes to the Financial Statements  
For the Year Ended December 31, 2020  
(Continued)**

**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 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.

**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 – 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 additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 9 – All Other Revenue**

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

**Note 10 – Fund Balances**

The fund balance of the Special Projects Fund is restricted.

**Note 11 – Transfers**

During 2020, the District transferred monies in the amounts of \$40,000 and \$80,000 from the H2Ohio Staffing and Nutrient Management Staffing Funds, respectively, to the Special Fund for grant payroll disbursements.

**Note 12 – Change in Accounting Principle**

For 2020, the District has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis).



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

Defiance Soil and Water Conservation District  
Defiance County  
06879 Evansport Road, Suite C  
Defiance, Ohio 43512

To the Board of Supervisors:

We have audited, in accordance with 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, the financial statements of the cash balances, receipts, and disbursements for each fund as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Defiance Soil and Water Conservation District, Defiance County, Ohio (the District) and have issued our report thereon dated November 4, 2022, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture permits. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

***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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 4, 2022



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	This finding was first reported in 2018. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Partially corrected and reissued in the Management Letter.	Additional errors occurred and were not detected. The Administrative Assistant will make an effort to fully correct this finding.

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# OHIO AUDITOR OF STATE KEITH FABER



**DEFIANCE SOIL AND WATER CONSERVATION DISTRICT**

**DEFIANCE 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 11/22/2022**

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)