



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

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

**SENECA COUNTY SOIL AND WATER CONSERVATION DISTRICT
SENECA COUNTY
DECEMBER 31, 2021 AND 2020**

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, 2021	5
Notes to the Financial Statements For the Year Ended December 31, 2021	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2020	12
Notes to the Financial Statements For the Year Ended December 31, 2020	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings	23
Summary Schedule of Prior Audit Findings (Prepared by Management)	25

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Supervisors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

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 Matters

As discussed in Note 5 to the financial statements, for the year ended December 31, 2020, the District restated the beginning fund balances in the District and Other funds to properly report grant activity. Our opinion is not modified with respect to this matter.

As discussed in Note 11 to the 2021 financial statements and in Note 13 to the 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 December 21, 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

December 21, 2022

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Seneca County Soil and Water Conservation District
Seneca County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2021

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government		\$268,490		\$268,490
State Government		262,389	\$331,694	594,083
Federal Government	\$92,170			92,170
Sale of Products/Materials	8,269			8,269
Rentals	16,052			16,052
Farm Harvest Income	23,917			23,917
All Other Revenue	50,499	2,503	2,277	55,279
<i>Total Cash Receipts</i>	<u>190,907</u>	<u>533,382</u>	<u>333,971</u>	<u>1,058,260</u>
Cash Disbursements				
Salaries		370,178		370,178
Supplies	21,221	3,874		25,095
Equipment		1,692		1,692
Contract Services/Cost Share Payment	31,007	9,151	28,283	68,441
Rentals		25,000		25,000
Service Fees		3,322		3,322
Information and Education		500		500
Travel and Expenses	930	115		1,045
Advertising and Printing	86	148		234
OPERS		45,715		45,715
Worker's Compensation		2,891		2,891
Unemployment Compensation		8,121		8,121
Hospitalization		43,344		43,344
Medicare		5,170		5,170
Product/Materials for Resale	5,406			5,406
Reimbursement - State Refunds		1,020		1,020
Health Savings		6,750		6,750
Other	13,297	775	3,411	17,483
<i>Total Cash Disbursements</i>	<u>71,947</u>	<u>527,766</u>	<u>31,694</u>	<u>631,407</u>
<i>Excess of Receipts Over Disbursements</i>	<u>118,960</u>	<u>5,616</u>	<u>302,277</u>	<u>426,853</u>
Other Financing Receipts (Disbursements)				
Transfers In		15,000		15,000
Transfers Out	(15,000)			(15,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(15,000)</u>	<u>15,000</u>		
<i>Net Change in Fund Cash Balances</i>	103,960	20,616	302,277	426,853
<i>Fund Cash Balances, January 1</i>	<u>560,104</u>	<u>8,523</u>	<u>60,527</u>	<u>629,154</u>
<i>Fund Cash Balances, December 31</i>	<u>\$664,064</u>	<u>\$29,139</u>	<u>\$362,804</u>	<u>\$1,056,007</u>

See accompanying notes to the financial statements.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

The Permanent Conservation Trust fund is also associated with the District. The Trust is legally separate. However, the Trust has the same governing body as the District, the District can impose its will on the trust, and there is a financial benefit or burden relationship. Therefore, the Trust is deemed a component unit of the District based on the criteria in GASB Cod. 2100. The Permanent Conservation Trust exists solely to support the District and has unaudited net assets of \$131,018 as of December 31, 2021. The District's Board of Supervisors decides how to spend the Trust's money.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 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 (cash basis) for all funds.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

Special Fund The Special fund is the primary fund used for day to day operations and expenditures including payroll and benefits. The District records all amounts received from the State, local, or federal governments in this fund. The County Auditor also maintains an accounting of this fund.

District Fund The District fund accounts for and reports revenues from district sales and equipment rentals, grants and donations.

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

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

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2021

H2Ohio fund This fund holds funds for future staff expenses of implementing the H2Ohio program.

Wildlife Grant fund This fund holds money specific to the Wildlife grant agreement for reach of the funds.

Smart2Genius fund This fund holds money specific to the Smart2Genius grant agreement for reach of the funds.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. 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 Seneca 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 Seneca County Treasurer, Paul Harrison, 109 South Washington Street, Tiffin, Ohio 44883 or by calling (419) 447-1584.

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

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

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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.

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

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

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

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

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

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

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$762,919	\$548,382	(\$214,537)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$558,102	\$529,348	\$28,754

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

Demand deposits	2021 \$37,133
Other time deposits (OFB Money Market)	970,631
County Treasurer Deposits	29,139
Total deposits	1,036,903
STAR Ohio	19,104
Total deposits and investments	\$1,056,007

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

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 5 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The District participates in the County Risk Sharing Authority (CORSA) public entity risk pool through its fiscal agent. Seneca County, the District's fiscal agent, is a member of CORSA, which is a public entity risk sharing pool of thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit 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 coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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.

The pool's audited financial statements conform with generally accepted accounting principles, and reported the following summary of assets, liabilities and equity as of April 30, 2021:

	2021
Assets	\$151,054,939
Liabilities	50,499,878
Net Position	\$100,555,061

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, 2021.

Seneca County Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 7 – Postemployment Benefits

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

Note 8 – All Over Revenues

The District has other revenues in the District fund totaling \$50,499. These revenues consist of contracts, rentals, interest and reimbursements.

Note 9 – Contingent Liabilities

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

Note 10 – Fund Balances

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

<u>Fund Balances</u>	<u>Special</u>	<u>Other Funds</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$1,582</u>	<u>\$362,804</u>	<u>\$364,386</u>

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

Note 11 – 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 received 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.

Seneca County Soil and Water Conservation District

Seneca County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

For the Year Ended December 31, 2020

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government		\$291,532		\$291,532
State Government		230,661	\$36,640	267,301
Sale of Products/Materials	\$9,284			9,284
Rentals	7,617			7,617
Farm Harvest Income	22,184			22,184
All Other Revenue	13,933	10,191	140	24,264
<i>Total Cash Receipts</i>	<u>53,018</u>	<u>532,384</u>	<u>36,780</u>	<u>622,182</u>
Cash Disbursements				
Salaries		377,179		377,179
Supplies	19,978	2,778		22,756
Equipment	18,990	4,193		23,183
Contract Services/Cost Share Payment	19,291	17,809	1,316	38,416
Rentals	1,053	25,000		26,053
Service Fees		3,108		3,108
Travel and Expenses	955	595		1,550
Advertising and Printing	89	165		254
OPERS		52,805		52,805
Worker's Compensation		2,965		2,965
Hospitalization		46,889		46,889
Medicare		5,172		5,172
Product/Materials for Resale	3,762			3,762
Health Savings		6,750		6,750
Other	42,494	11,380	31,420	85,294
<i>Total Cash Disbursements</i>	<u>106,612</u>	<u>556,788</u>	<u>32,736</u>	<u>696,136</u>
<i>Net Change in Fund Cash Balances</i>	(53,594)	(24,404)	4,044	(73,954)
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>613,698</u>	<u>32,927</u>	<u>56,483</u>	<u>703,108</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$560,104</u></u>	<u><u>\$8,523</u></u>	<u><u>\$60,527</u></u>	<u><u>\$629,154</u></u>

See accompanying notes to the financial statements.

Seneca Soil and Water Conservation District

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

The Permanent Conservation Trust fund is also associated with the District. The Trust is legally separate. However, the Trust has the same governing body as the District, the District can impose its will on the trust, and there is a financial benefit or burden relationship. Therefore, the Trust is deemed a component unit of the District based on the criteria in GASB Cod. 2100. The Permanent Conservation Trust exists solely to support the District and has unaudited net assets of \$118,609 as of December 31, 2020. The District's Board of Supervisors decides how to spend the Trust's money.

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all funds.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

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

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

Seneca Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2020

H2Ohio fund This fund holds funds for future staff expenses of implementing the H2Ohio program.

Wildlife Grant fund This fund holds money specific to the Wildlife grant agreement for reach of the funds.

Smart2Genius fund This fund holds money specific to the Smart2Genius grant agreement for reach of the funds.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. 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 Seneca 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 Seneca County Treasurer, Paul Harrison, 109 South Washington Street, Tiffin, Ohio 44883 or by calling (419) 447-1584.

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

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

Seneca Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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.

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

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

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

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

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

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

Seneca Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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	\$615,331	\$532,384	(\$82,947)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$567,183	\$557,985	\$9,198

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

Demand deposits	2020 \$31,229
Other time deposits (OFB Money Market)	570,314
County Treasurer Deposits	8,523
Total deposits	610,066
STAR Ohio	19,088
Total deposits and investments	\$629,154

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

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

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

Seneca Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 5 – Accounting Change

During 2020, the District elected to account for WLEB Working Lands, H2Ohio, Wildlife Grant, and Smart2Genius activity within Other funds rather than the District fund. This change had the following impact on previously reported fund balances:

	<u>District Fund</u>	<u>Other Funds</u>
Fund Cash Balances at December 31, 2019	\$670,181	
WLEB Working Lands, H2Ohio, Wildlife Grant, and Smart2Genius funds	<u>(56,483)</u>	<u>\$56,483</u>
Fund Cash Balances at January 1, 2020	<u>\$613,698</u>	<u>\$56,483</u>

Note 6 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The District participates in the County Risk Sharing Authority (CORSA) public entity risk pool through its fiscal agent. Seneca County, the District's fiscal agent, is a member of CORSA, which is a public entity risk sharing pool of thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit 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 coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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.

The pool's audited financial statements conform with generally accepted accounting principles, and reported the following summary of assets, liabilities and equity as of April 30, 2020:

	<u>2020</u>
Assets	\$142,264,663
Liabilities	<u>47,825,390</u>
Net Position	<u>\$94,439,273</u>

Seneca Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 7 – 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, 2020.

Note 8 – 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 9 – All Over Revenues

The District has other revenues in the District fund totaling \$13,933. These revenues consist of contracts, rentals, interest and reimbursements.

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balances

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

<u>Fund Balances</u>	<u>Special Fund</u>	<u>Other Funds</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$1,197</u>	<u>\$60,527</u>	<u>\$61,724</u>

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

Seneca Soil and Water Conservation District

Seneca County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 12 – Change in Accounting Principle

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

Note 13 – 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. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. 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 14 – Compliance

Contrary to Ohio law, the District failed to record receipts in the proper funds as required by Ohio Rev. Code § 5705.10.

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

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

To the Board of Supervisors:

We have audited, in accordance with 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 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 Seneca County Soil and Water Conservation District, Seneca County, Ohio (the District) and have issued our report thereon dated December 21, 2022, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the District restated beginning fund balances to properly report grant activity. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2022

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

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

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

- Transfers out in the amount of \$15,000 within the District fund were improperly accounted for as other disbursements in 2021.
- In 2021, a wildlife grant of \$32,000 was improperly recorded in the Other fund rather than the Special fund. When the District attempted to correct this entry and properly recorded the receipt in the Special fund, a disbursement was recorded in the Other fund rather than a reduction of revenue. This resulted in an overstatement in the amount of \$32,000 to both grants – state government and other disbursements within Other funds.
- Bank transfers were recorded within the financial statements, resulting in an overstatement in the amount of \$9,433 for both all other revenue and other disbursements within the District fund in 2020.
- Additional bank transfers were recorded within the financial statements, resulting in an overstatement in the amount of \$24,195 for both all other revenue and cost share payment within the Other fund in 2020.

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

- Budgeted receipt amounts for the Special fund were increased by \$131,093 in 2021, in order to bring the notes to the financial statement in line with the authorized budget amounts.
- Appropriation authority amounts in the Special fund were decreased by \$54,532 and \$45,806 in 2021 and 2020, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. Failure to complete accurate financial statements and notes to the financial statements could lead to the Board making misinformed decisions. In addition to the adjustments noted above, we also identified additional immaterial misstatements ranging from \$1,176 to \$32,500 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 Team Leader and Board, to help identify and correct errors and omissions.

Officials' Response:

The District has been and will continue to work to improve the errors noted above. Adopting additional policies and procedures, as well as seeking professional guidance will be the main strategies deployed to improve the financial statements so the District's Board can make the most responsible decisions.

FINDING NUMBER 2021-002

Material Weakness and Noncompliance

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.

During 2020, the District inappropriately recorded a Wolf Grant receipt of \$7,225 and the related disbursements in the District fund. Given the source of the revenue, this should have been recorded in the Wildlife Grant fund, an Other fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

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 District has been and will continue to work to improve the errors noted above. Adopting additional policies and procedures, as well as seeking professional guidance will be the main strategies deployed to improve the financial statements so the District's Board can make the most responsible decisions.



SENECA
Conservation District

Our Community • Our Resources • Our Future

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

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness due to errors in financial reporting.	Not corrected and repeated in this report as Finding 2021-001.	These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The Team Leader will ensure these are accounted for correctly in the future.

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OHIO AUDITOR OF STATE KEITH FABER



SENECA COUNTY SOIL AND WATER CONSERVATION DISTRICT

SENECA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/3/2023

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov