



OHIO AUDITOR OF STATE  
**KEITH FABER**





VINTON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
VINTON COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Vinton County Soil and Water Conservation District  
Vinton County  
31935 State Route 93  
McArthur, Ohio 45651

To the Board of Supervisors:

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

***Qualified, Unmodified and Adverse Opinions***

We have audited the financial statements of the Vinton County Soil and Water Conservation District, Vinton County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each fund as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

***Qualified Opinion on Other Fund***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the Other Fund as of and for the years ended December 31, 2022 and 2021, 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.

***Unmodified Opinions on District Fund and Special Fund 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 the District Fund and Special Fund as of and for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, 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 Additional Opinion Qualification***

Other Fund Sale of Products/Materials receipts are reported at \$4,886 for the year ended December 31, 2022 and \$1,334 for the year ended December 31, 2021 which are 100% of Other Fund receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Sale of Products/Material receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the accounting basis permitted by the financial reporting provisions of the Ohio Department of Agriculture, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions the Ohio Department of Agriculture permits. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, 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 13, 2023

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**Vinton County Soil and Water Conservation District**

*Vinton County, Ohio*

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

*For the Year Ended December 31, 2022*

|  | District<br>Fund  | Special<br>Fund | Other<br>Fund   | Totals<br>(Memorandum<br>Only) |
|--|-------------------|-----------------|-----------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                   |                 |                 |                                |
| Taxes  | \$ 946            | \$ 0            | \$ 0            | \$ 946                         |
| Grants   |                   |                 |                 |                                |
| Local Government                                     | 0                 | 28,000          | 0               | 28,000                         |
| State Government                                     | 0                 | 73,151          | 0               | 73,151                         |
| Federal Government                                   | 0                 | 17,485          | 0               | 17,485                         |
| Gifts and Contributions                              | 9,575             | 0               | 0               | 9,575                          |
| Sale of Products/Materials                           | 17,531            | 0               | 4,886           | 22,417                         |
| Rentals  | 503               | 0               | 0               | 503                            |
| All Other Revenue                                    | 1,357             | 13,282          | 0               | 14,639                         |
| <i>Total Cash Receipts</i>                           | <u>29,912</u>     | <u>131,918</u>  | <u>4,886</u>    | <u>166,716</u>                 |
| <b>Cash Disbursements</b>                            |                   |                 |                 |                                |
| Salaries   | 0                 | 89,120          | 0               | 89,120                         |
| Supplies   | 1,049             | 0               | 0               | 1,049                          |
| Equipment  | 8                 | 0               | 0               | 8                              |
| Contract Services/Cost Share Payment                 | 12,259            | 374             | 6,554           | 19,187                         |
| Rentals  | 0                 | 12,000          | 0               | 12,000                         |
| Information and Education                            | 7,093             | 0               | 0               | 7,093                          |
| Travel and Expenses                                  | 1,949             | 0               | 0               | 1,949                          |
| OPERS  | 0                 | 12,477          | 0               | 12,477                         |
| Worker's Compensation                                | 0                 | 777             | 0               | 777                            |
| Hospitalization                                      | 0                 | 11,968          | 0               | 11,968                         |
| Medicare   | 0                 | 1,292           | 0               | 1,292                          |
| Product/Materials for Resale                         | 3,033             | 0               | 0               | 3,033                          |
| Vehicle Rental/Liability Insurance                   | 540               | 0               | 0               | 540                            |
| Annual Meeting/Banquet                               | 1,525             | 0               | 0               | 1,525                          |
| <i>Total Cash Disbursements</i>                      | <u>27,456</u>     | <u>128,008</u>  | <u>6,554</u>    | <u>162,018</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>2,456</u>      | <u>3,910</u>    | <u>(1,668)</u>  | <u>4,698</u>                   |
| <i>Fund Cash Balances, January 1</i>                 | <u>114,742</u>    | <u>36</u>       | <u>4,444</u>    | <u>119,222</u>                 |
| <i>Fund Cash Balances, December 31</i>               | <u>\$ 117,198</u> | <u>\$ 3,946</u> | <u>\$ 2,776</u> | <u>\$ 123,920</u>              |

*See accompanying notes to the basic financial statements*

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***Vinton County Soil and Water Conservation District***

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

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

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

**A Day in the Woods** This fund accounts for the A Day in the Woods education program for landowners. These funds are being held in a partnership with Ohio State extension for the program.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Vinton County Soil and Water Conservation District***

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (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 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

The Vinton 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 Vinton County Treasurer, Vicki Maxwell, 100 E Main Street, McArthur, Ohio 45651 or at treasurer@vintonco.com.

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.

***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.

**Vinton County Soil and Water Conservation District**

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

*(Continued)*

**Fund Balance (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 balance is included in Note 8.

**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

| 2022 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund                              | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| Special                           | \$128,668            | \$131,918          | \$3,250  |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund  | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| Special   | \$128,704                  | \$128,008                 | \$696    |

***Vinton County Soil and Water Conservation District***

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

*(Continued)*

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

|                           |                |
|---------------------------|----------------|
|                           | <u>2022</u>    |
| Demand deposits           | \$65,364       |
| Certificates of deposit   | 54,610         |
| County Treasurer Deposits | <u>3,946</u>   |
| Total deposits            | <u>123,920</u> |

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

***Investments***

The District has two certificates of deposits with a local financial institution.

**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.

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Vinton County Soil and Water Conservation District***

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

*(Continued)*

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**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 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

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

**Note 8 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. 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 there were no nonspendable balances.

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

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

|   | District<br>Fund | Special<br>Fund | Other<br>Fund | Totals<br>(Memorandum<br>Only) |
|---|------------------|-----------------|---------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                 |               |                                |
| Grants  |                  |                 |               |                                |
| Local Government                                      | \$ 0             | \$ 28,000       | \$ 0          | \$ 28,000                      |
| State Government                                      | 0                | 70,678          | 0             | 70,678                         |
| Federal Government                                    | 0                | 14,518          | 0             | 14,518                         |
| Gifts and Contributions                               | 11,607           | 0               | 0             | 11,607                         |
| Sale of Products/Materials                            | 8,002            | 0               | 1,334         | 9,336                          |
| Rentals   | 103              | 0               | 0             | 103                            |
| All Other Revenue                                     | 13,482           | 0               | 0             | 13,482                         |
| <i>Total Cash Receipts</i>                            | 33,194           | 113,196         | 1,334         | 147,724                        |
| <b>Cash Disbursements</b>                             |                  |                 |               |                                |
| Salaries  | 0                | 82,055          | 0             | 82,055                         |
| Supplies  | 794              | 0               | 0             | 794                            |
| Equipment   | 657              | 0               | 0             | 657                            |
| Contract Services/Cost Share Payment                  | 3,157            | 264             | 1,695         | 5,116                          |
| Rentals   | 0                | 12,000          | 0             | 12,000                         |
| Service Fees  | 989              | 0               | 0             | 989                            |
| Information and Education                             | 7,235            | 0               | 0             | 7,235                          |
| Travel and Expenses                                   | 2,928            | 0               | 0             | 2,928                          |
| OPERS   | 0                | 11,488          | 0             | 11,488                         |
| Hospitalization                                       | 0                | 11,968          | 0             | 11,968                         |
| Medicare  | 0                | 1,190           | 0             | 1,190                          |
| Product/Materials for Resale                          | 5,359            | 0               | 0             | 5,359                          |
| Vehicle Rental/Liability Insurance                    | 942              | 0               | 0             | 942                            |
| Annual Meeting/Banquet                                | 1,067            | 0               | 0             | 1,067                          |
| Other   | 358              | 0               | 0             | 358                            |
| <i>Total Cash Disbursements</i>                       | 23,486           | 118,965         | 1,695         | 144,146                        |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | 9,708            | (5,769)         | (361)         | 3,578                          |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                 |               |                                |
| Transfers In  | 0                | 1,700           | 0             | 1,700                          |
| Transfers Out   | (1,700)          | 0               | 0             | (1,700)                        |
| <i>Total Other Financing Receipts (Disbursements)</i> | (1,700)          | 1,700           | 0             | 0                              |
| <i>Net Change in Fund Cash Balances</i>               | 8,008            | (4,069)         | (361)         | 3,578                          |
| <i>Fund Cash Balances, January 1</i>                  | 106,734          | 4,105           | 4,805         | 115,644                        |
| <i>Fund Cash Balances, December 31</i>                | \$ 114,742       | \$ 36           | \$ 4,444      | \$ 119,222                     |

*See accompanying notes to the basic financial statements*

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***Vinton County Soil and Water Conservation District***

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

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

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

**A Day in the Woods** This fund accounts for the A Day in the Woods education program for landowners. These funds are being held in a partnership with Ohio State extension for the program.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Vinton County Soil and Water Conservation District***

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (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 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

The Vinton 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 Vinton County Treasurer, Vicki Maxwell, 100 E Main Street, McArthur, Ohio 45651 or at treasurer@vintonco.com.

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.

***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.

**Vinton County Soil and Water Conservation District**

Vinton County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

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**Fund Balance (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 balance is included in Note 8.

**Note 3 – Special Fund Budgetary Activity**

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

| Fund    | 2021 Budgeted vs. Actual Receipts |                 | Variance |
|---------|-----------------------------------|-----------------|----------|
|         | Budgeted Receipts                 | Actual Receipts |          |
| Special | \$114,896                         | \$114,896       | \$0      |

| Fund    | 2021 Budgeted vs. Actual Budgetary Basis Expenditures |                        | Variance |
|---------|---|------------------------|----------|
|         | Appropriation Authority                               | Budgetary Expenditures |          |
| Special | \$118,965   | \$118,965              | \$0      |

***Vinton County Soil and Water Conservation District***

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

*(Continued)*

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

|                           | 2021           |
|---------------------------|----------------|
| Demand deposits           | \$63,656       |
| Certificates of deposit   | 55,530         |
| County Treasurer Deposits | 36             |
| Total deposits            | <u>119,222</u> |

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

***Investments***

The District has two certificates of deposits with a local financial institution.

**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.

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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.

***Vinton County Soil and Water Conservation District***

*Vinton County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

*(Continued)*

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**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 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. 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 there were no nonspendable balances.

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

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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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

Vinton County Soil and Water Conservation District  
Vinton County  
31935 State Route 93  
McArthur, Ohio 45651

To the Board of Supervisors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each fund as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Vinton County Soil and Water Conservation District, Vinton County, Ohio (the District), and have issued our report thereon dated November 13, 2023, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We qualified our opinion on the Other Fund receipts for the years ended December 31, 2022 and 2021 for the lack of sufficient appropriation audit evidence supporting amounts recorded as Sale of Products/Materials.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 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 2022-001 through 2022-003 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 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 13, 2023

VINTON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

**Material Weakness**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Administrative Assistant is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board and/or other administrator are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2022 and 2021. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Administrative Assistant should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

FINDING NUMBER 2022-002

**Material Weakness**

Maintaining organized documentation and support for financial transactions is essential in assuring the District's financial statements are not materially misstated and that all receipts are supported and expenditures are made for a proper public purpose.

The District did not maintain underlying documentation and support for seven percent of disbursements tested in 2021. We were able to perform alternative audit procedures to gain the necessary audit assurances.

The District did not maintain adequate supporting documentation for fourteen percent of affiliate membership receipts tested for the Gifts and Contributions receipts for 2021. We were unable to determine if the proper fee was charged due to the lack of documentation.

For the District's 2022 and 2021 A Day in the Woods program recorded in the Other Fund, supporting documentation included only duplicate receipts. In many instances, the receipts did not note the method of payment or the names of those who paid for the event.

VINTON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-002 (Continued)

**Material Weakness (Continued)**

Further, all receipt copies were dated the day of the events resulting in all receipt support indicating they were received on the day of the event when many were received in advance. There was no evidence of what the receipts were for, or support to determine if proper fees were paid. Based on the lack of documentation, we were unable to confirm the completeness and accuracy of 100% of transactions tested.

Lack of adequate supporting documentation eliminates a significant control point, obscures the audit trail, and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period.

In addition, failure to retain and/or obtain such documentation has resulted in the inability to determine that all receipts due were collected and accounted for on the District's financial statements for the Other Fund which has resulted in a qualified audit opinion regarding the District's Other Fund receipts.

The District should maintain all invoices and receipt support in sufficient detail to determine proper amounts were disbursed or collected and appropriately recorded to the District's ledgers.

FINDING NUMBER 2022-003

**Material Weakness**

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.

The following errors were noted in reconciling the financial statements to the underlying cashbook that required audit adjustment or reclassification:

In 2022:

- District Fund Taxes and Sale of Product/Materials were understated \$14 and \$1,007 respectively and All Other Revenue was overstated \$672;
- District Fund Other disbursements were overstated \$4,159 and Information and Education, Product/Materials for Resale, and Contract Services/Cost Share Payment disbursements were understated \$1,068, \$1,218, and \$401, respectively; and
- District Fund January 1, 2022 beginning cash balance was overstated \$3,143 in comparison of the December 31, 2021 ending cash balance.

In 2021:

- Other Fund Contract Service/Cost Share Payment disbursements were understated \$21;
- Other Fund Sale of Products/Materials receipts of \$1,334 were incorrect classified as All Other Revenue;

VINTON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-003 (Continued)

**Material Weakness (Continued)**

In 2021 (Continued):

- District Fund Sale of Product/Materials and All Other Revenue receipts were understated \$867 and \$13,150, respectively;
- District Fund Gifts and Contributions and Grants receipts of were overstated \$460 and \$1,000, respectively.
- District Fund Product/Materials for Resale, Service Fees, and Other disbursements were understated \$89, \$73, and \$358 respectively; and
- District Fund Advertising and Printing disbursements were overstated \$771.

In addition, the following errors were noted in the financial statements that required audit reclassification:

In 2022:

- District Fund Gifts and Contributions receipts of \$5,000 were incorrectly classified as All Other Revenue; and
- Special Fund All Other Revenue receipts of \$13,282 were incorrectly classified as Grants-State Government receipts.

The audited financial statements have been adjusted for the issues noted above.

The Treasurer and Administrative Assistant should prepare the Hinkle filing from the cashbook and maintain documentation to support the classifications. Further, the District should reach out to their Regional District Supervisor for guidance on posting receipts to the proper line item.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.

# OHIO AUDITOR OF STATE KEITH FABER



VINTON COUNTY SOIL AND WATER CONSERVATION DISTRICT

VINTON 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 11/30/2023

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](http://www.ohioauditor.gov)