



OHIO AUDITOR OF STATE
KEITH FABER



**GEAUGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
GEAUGA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Geauga County Soil and Water Conservation District
Geauga County
12611 Ravenwood Drive
Suite 240
Chardon, Ohio 44024

To the Board of Supervisors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Geauga County Soil and Water Conservation District, Geauga County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type total as of and for the years ended December 31, 2022 and 2021, 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 governmental fund type total 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 which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, 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 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 basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 February 21, 2024, 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

February 21, 2024

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**GEAUGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	District Fund	Special Fund	Other Fund	Totals (Memorandum Only)
Cash Receipts				
Grants			\$1,500	\$1,500
Local Government		\$256,888		256,888
State Government		232,159		232,159
Federal Government			680	680
Sale of Products/Materials	\$43,664			43,664
All Other Revenue	44,394			44,394
<i>Total Cash Receipts</i>	<u>88,058</u>	<u>489,047</u>	<u>2,180</u>	<u>579,285</u>
Cash Disbursements				
Salaries		338,501	492	338,993
Supplies	711	4,133	3,613	8,457
Equipment	3,450	2,654		6,104
Contract Repairs	1,016	612		1,628
Contract Services/Cost Share Payment	3,372	12,245		15,617
Rentals		25,000		25,000
Service Fees	5	3,121		3,126
Information and Education	13,150			13,150
Travel and Expenses	96	641		737
Advertising and Printing	203	26		229
OPERS		46,897	26	46,923
Hospitalization		89,470	159	89,629
Medicare		4,801	3	4,804
Product/Materials for Resale	32,913			32,913
Annual Meeting/Banquet	1,500			1,500
Other	12,365	2,617		14,982
<i>Total Cash Disbursements</i>	<u>68,781</u>	<u>530,718</u>	<u>4,293</u>	<u>603,792</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,277</u>	<u>(41,671)</u>	<u>(2,113)</u>	<u>(24,507)</u>
<i>Fund Cash Balances, January 1</i>	<u>466,623</u>	<u>307,127</u>	<u>4,431</u>	<u>778,181</u>
<i>Fund Cash Balances, December 31</i>	<u>\$485,900</u>	<u>\$265,456</u>	<u>\$2,318</u>	<u>\$753,674</u>

The notes to the financial statements are an integral part of this statement.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Geauga County Soil and Water Conservation District, Geauga 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, protection and enhancement of soil and water resources by providing education and assistance in land management for development and agricultural purposes.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Funds: *Ohio State University – Master Gardener Grant; Ohio Forestry Association Grant; the Western Reserve Land Conservancy/Dominion Grant managed within the District Fund; Chagrin River Watershed Parents Great Lakes Basin Grant; Chagrin River Watershed Partners 319 Grant; and OPWC – Administrative Cost Recovery managed within the Special Fund.*

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.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Appropriations Budgetary expenditures may not exceed appropriations at the 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 Geauga 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 Geauga County Treasurer, Christopher Hitchcock, 211 Main Street, Suite 1A, Chardon, Ohio 44024, by phone at 440-285-2261 or chitchcock@co.geauga.oh.us.

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.

Leases

The District is the lessee in a lease (as defined by GASB 87) related to a building under a noncancelable lease. Lease disbursements are recognized when they are paid.

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.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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.

Note 3 – Special Fund Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund	Receipts	Receipts	Variance
Special	\$467,400	\$489,047	\$21,647

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund	Authority	Expenditures	Variance
Special	\$556,926	\$542,104	\$14,822

Note 4 – Deposits

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

	2022
Demand deposits	\$152,963
Petty Cash (Cash on hand)	150
Other time deposits (savings and NOW accounts)	335,105
County Treasurer Deposits	265,456
Total deposits	<u>\$753,674</u>

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Deposits

Deposits are 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.

Note 5 – Risk Management

County Risk Sharing Authority

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracts with the County who contracts with CORSA (County Risk Sharing Authority) for all property and liability coverage including automobiles, equipment breakdown, crime, and direct physical loss or damage. The Travelers Insurance Company insures boilers.

Limits of liability for each occurrence are \$1,000,000 with a deductible of \$2,500. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant change in coverage from the prior year.

Ohio Federation of Soil and Water Conservation Districts

The District carries Public Employee Dishonesty Coverage of \$150,000 with a \$1,000 deductible insured under the Ohio Federation of Soil and Water Conservation Districts policy.

Workers' Compensation

The County implemented a charge back program that charges each department based on both claims experience and payroll. With charge back, the proportionate amount of contributions is charged to departments with claims affecting the County's premium. Implementation of the charge back program began with the 2009 budget with a planned phase-in over four successive years at increasing increments of 25 percent each year, and continuing thereafter. The charge back is fully operational.

To further achieve lower Workers' Compensation rates, the County has participated in the BWC Premium Discount Plus program and the Safety Council rebate program to obtain discounts and rebates that are applied against our Workers' Compensation premium.

The County is participating in the County Commissioners' Association of Ohio (CCAO) Group Retrospective-Rating Program established under Section 4123.29 of the Ohio Revised Code and acting through CCAOSC its Service Corporation, as sponsoring organization.

The program is intended to achieve lower workers' compensation costs for the Group and result in the establishment of safer working conditions and environments for each participant. The purpose of CCAOSC, among other things, is to unite the county commissioners of Ohio into an association to promote the best practices and policies in the administration of county government for the benefit of the people of the State of Ohio.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the traditional 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.

Note 8 – Contingent Liabilities

The District is currently facing a tort lawsuit arising out of a motor vehicle collision. The District participates in a risk-pooling agreement which should cover the loss. In addition, the District is fully indemnified by the State of Ohio pursuant to R.C. 940.07. Accordingly, although the District is a defendant in a tort suit, there should be no out-of-pocket loss to the District.

Note 9 – Public Entity Risk Pool

County Risk Sharing Authority

The County Risk Sharing Authority (CORSA) is a public entity risk sharing pool among sixty-five counties in Ohio. CORSA was established in 1987 as an Ohio nonprofit, self-insured pool to provide member counties with the best comprehensive property and liability coverage and highest quality risk management services at a stable and competitive price.

Member Counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. CORSA provides comprehensive coverage and risk management services for property and liability coverage including general liability, law enforcement liability, automotive liability, errors and omissions, direct physical loss or damage, equipment breakdown and crime.

CORSA is governed by nine Directors, who are County Commissioners from member counties. The Directors are elected by CORSA members and are eligible to serve three, two year terms. The officers are elected by the Board of Directors, and are eligible to serve two, one year terms. Each member county designates a voting representative and alternate in accordance with CORSA's Code of Regulations.

CORSA has earned the Advisory Standards Recognition from the association of Governmental Risk Pool (AGRIP). The award recognized those pools that adhere to the eight-eight "best practices" standards as established by AGRIP's Membership Practices Committee, relating to the governance, management, financial accounting and operation of the pool.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2022

County Commissioners' Association of Ohio Group Retrospective Rating Program

The County is participating in the County Commissioners' Association of Ohio (CCAO) Group Retrospective-Rating Program established under Section 4123.29 of the Ohio Revised Code and acting through CCAOSC its Service Corporation, as sponsoring organization.

The program is intended to achieve lower workers' compensation costs for the Group and result in the establishment of safer working conditions and environments for each participant. The purpose of CCAOSC, among other things, is to unite the county commissioners of Ohio into an association to promote the best practices and policies in the administration of county government for the benefit of the people of the State of Ohio.

Note 10 – 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 the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Special</u>	<u>Other Funds</u>	<u>Total</u>
Outstanding Encumbrances	\$11,386	\$2,318	\$13,704
Total	<u>\$11,386</u>	<u>\$2,318</u>	<u>\$13,704</u>

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 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 ended in April 2023. During 2022, the District received no 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.

**GEAUGA COUNTY SOIL AND WATER CONSERVATION DISTRICT
GEAUGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	District Fund	Special Fund	Other Fund	Totals (Memorandum Only)
Cash Receipts				
Local Government		\$283,108		\$283,108
State Government		256,206		256,206
Federal Government			\$597	597
Sale of Products/Materials	\$44,268			44,268
All Other Revenue	50,260		4,931	55,191
<i>Total Cash Receipts</i>	<u>94,528</u>	<u>539,314</u>	<u>5,528</u>	<u>639,370</u>
Cash Disbursements				
Salaries		298,478	427	298,905
Supplies	38	3,073		3,111
Equipment	5,850			5,850
Contract Repairs	3,180	1,197		4,377
Contract Services/Cost Share Payment		11,811		11,811
Rentals		25,000		25,000
Service Fees		3,300		3,300
Information and Education	12,937	375	2,000	15,312
Travel and Expenses		917		917
Advertising and Printing	565	26		591
OPERS		41,382	27	41,409
Hospitalization		82,493	141	82,634
Medicare		4,230	2	4,232
Product/Materials for Resale	37,835			37,835
Annual Meeting/Banquet	884			884
Other	13,042	5,195		18,237
<i>Total Cash Disbursements</i>	<u>74,331</u>	<u>477,477</u>	<u>2,597</u>	<u>554,405</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,197</u>	<u>61,837</u>	<u>2,931</u>	<u>84,965</u>
<i>Fund Cash Balances, January 1</i>	<u>446,426</u>	<u>245,290</u>	<u>1,500</u>	<u>693,216</u>
<i>Fund Cash Balances, December 31</i>	<u>\$466,623</u>	<u>\$307,127</u>	<u>\$4,431</u>	<u>\$778,181</u>

The notes to the financial statements are an integral part of this statement.

Geauga County Soil and Water Conservation District

Geauga 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 the Geauga County Soil and Water Conservation District, Geauga 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, protection and enhancement of soil and water resources by providing education and assistance in land management for development and agricultural purposes.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Funds: *Ohio State University – Master Gardener Grant; Ohio Forestry Association Grant; the Western Reserve Land Conservancy/Dominion Grant managed within the District Fund; Chagrin River Watershed Parents Great Lakes Basin Grant; Chagrin River Watershed Partners 319 Grant; and OPWC – Administrative Cost Recovery managed within the Special Fund.*

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.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Appropriations Budgetary expenditures may not exceed appropriations at the 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 Geauga 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 Geauga County Treasurer, Christopher Hitchcock, 211 Main Street, Suite 1A, Chardon, Ohio 44024, by phone at 440-285-2261 or chitchcock@co.geauga.oh.us.

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.

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.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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.

Note 3 – Special Fund Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$485,000	\$539,314	\$54,314

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$523,013	\$480,881	\$42,132

Note 4 – Deposits

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

	2021
Demand deposits	\$175,970
Other time deposits (savings and NOW accounts)	295,084
County Treasurer Deposits	307,127
Total deposits	<u>\$778,181</u>

Deposits

Deposits are 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.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 5 – Risk Management

County Risk Sharing Authority

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracts with the County who contracts with CORSA (County Risk Sharing Authority) for all property and liability coverage including automobiles, equipment breakdown, crime, and direct physical loss or damage. The Travelers Insurance Company insures boilers.

Limits of liability for each occurrence are \$1,000,000 with a deductible of \$2,500. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant change in coverage from the prior year.

Ohio Federation of Soil and Water Conservation Districts

The District carries Public Employee Dishonesty Coverage of \$150,000 with a \$1,000 deductible insured under the Ohio Federation of Soil and Water Conservation Districts policy.

Workers' Compensation

The County implemented a charge back program that charges each department based on both claims experience and payroll. With charge back, the proportionate amount of contributions is charged to departments with claims affecting the County's premium. Implementation of the charge back program began with the 2009 budget with a planned phase-in over four successive years at increasing increments of 25 percent each year, and continuing thereafter. The charge back is fully operational.

To further achieve lower Workers' Compensation rates, the County has participated in the BWC Premium Discount Plus program and the Safety Council rebate program to obtain discounts and rebates that are applied against our Workers' Compensation premium.

The County is participating in the County Commissioners' Association of Ohio (CCAO) Group Retrospective-Rating Program established under Section 4123.29 of the Ohio Revised Code and acting through CCAOSC its Service Corporation, as sponsoring organization.

The program is intended to achieve lower workers' compensation costs for the Group and result in the establishment of safer working conditions and environments for each participant. The purpose of CCAOSC, among other things, is to unite the county commissioners of Ohio into an association to promote the best practices and policies in the administration of county government for the benefit of the people of the State of Ohio.

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.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the traditional 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 – Contingent Liabilities

The District is currently facing a tort lawsuit arising out of a motor vehicle collision. The District participates in a risk-pooling agreement which should cover the loss. In addition, the District is fully indemnified by the State of Ohio pursuant to R.C. 940.07. Accordingly, although the District is a defendant in a tort suit, there should be no out-of-pocket loss to the District.

Note 9 – Public Entity Risk Pool

County Risk Sharing Authority

The County Risk Sharing Authority (CORSA) is a public entity risk sharing pool among sixty-five counties in Ohio. CORSA was established in 1987 as an Ohio nonprofit, self-insured pool to provide member counties with the best comprehensive property and liability coverage and highest quality risk management services at a stable and competitive price.

Member Counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. CORSA provides comprehensive coverage and risk management services for property and liability coverage including general liability, law enforcement liability, automotive liability, errors and omissions, direct physical loss or damage, equipment breakdown and crime.

CORSA is governed by nine Directors, who are County Commissioners from member counties. The Directors are elected by CORSA members and are eligible to serve three, two year terms. The officers are elected by the Board of Directors, and are eligible to serve two, one year terms. Each member county designates a voting representative and alternate in accordance with CORSA's Code of Regulations.

CORSA has earned the Advisory Standards Recognition from the association of Governmental Risk Pool (AGRIP). The award recognized those pools that adhere to the eight-eight "best practices" standards as established by AGRIP's Membership Practices Committee, relating to the governance, management, financial accounting and operation of the pool.

County Commissioners' Association of Ohio Group Retrospective Rating Program

The County is participating in the County Commissioners' Association of Ohio (CCAO) Group Retrospective-Rating Program established under Section 4123.29 of the Ohio Revised Code and acting through CCAOSC its Service Corporation, as sponsoring organization.

The program is intended to achieve lower workers' compensation costs for the Group and result in the establishment of safer working conditions and environments for each participant. The purpose of CCAOSC, among other things, is to unite the county commissioners of Ohio into an association to promote the best practices and policies in the administration of county government for the benefit of the people of the State of Ohio.

Geauga County Soil and Water Conservation District

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 10 – 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 the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Special</u>	<u>Other Funds</u>	<u>Total</u>
Outstanding Encumbrances	\$3,404	\$4,431	\$7,835
Total	<u>\$3,404</u>	<u>\$4,431</u>	<u>\$7,835</u>

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 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 ended in April 2023. During 2021, the District received no 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.



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

Geauga County Soil and Water Conservation District
Geauga County
12611 Ravenwood Drive
Suite 240
Chardon, Ohio 44024

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 governmental fund type total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Geauga County Soil and Water Conservation District, Geauga County, (the District) and have issued our report thereon dated February 21, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 21, 2024

OHIO AUDITOR OF STATE KEITH FABER



GEAUGA COUNTY SOIL AND WATER CONSERVATION DISTRICT

GEAUGA 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 3/21/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov