



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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HOLMES COUNTY SOIL AND WATER CONSERVATION DISTRICT  
HOLMES COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Supervisors  
Holmes County Soil and Water Conservation District  
62 West Clinton Street  
Millersburg, Ohio 44654

We have reviewed the *Independent Auditor's Report* of the Holmes County Soil and Water Conservation District, Holmes County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Holmes County Soil & Water Conservation District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

November 13, 2023

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Holmes County Soil and Water Conservation District  
Holmes County  
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For the Years Ended December 31, 2022 and 2021

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**INDEPENDENT AUDITOR'S REPORT**

Holmes County Soil and Water Conservation District  
Holmes County  
62 West Clinton Stret  
Millersburg, Ohio 44654

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 Holmes County Soil and Water Conservation District, Holmes 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.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund as of and for the years ended December 31, 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 Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

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

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

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.



- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
August 22, 2023

**Holmes County Soil and Water Conservation District**  
Holmes County, Ohio

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
For the Year Ended December 31, 2022*

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants:				
Local Government	\$ 3,500	\$ 236,500	\$ -	\$ 240,000
State Government	7,000	226,391	77,807	311,198
Sale of Products/Materials	5,892	-	-	5,892
Rentals	2,333	-	-	2,333
Donations/Affiliate	3,650	-	-	3,650
Alpine Program	-	-	15,600	15,600
Cover Crops	-	-	134,535	134,535
Annual Meeting	2,024	-	-	2,024
Interest Income	1,458	-	-	1,458
All Other Revenue	1,353	1,594	10,720	13,667
<i>Total Cash Receipts</i>	<u>27,210</u>	<u>464,485</u>	<u>238,662</u>	<u>730,357</u>
<b>Cash Disbursements</b>				
Salaries	-	233,302	-	233,302
Sales Tax	1,055	-	-	1,055
Supplies	364	3,500	-	3,864
Equipment	-	7,755	-	7,755
Alpine Program	-	-	10,730	10,730
Contract Projects	-	155,955	-	155,955
Contract Services	6,517	23,907	2,500	32,924
Cover Crops	-	-	159,215	159,215
Rental Expense	-	17,876	-	17,876
IT Expense	-	4,133	-	4,133
Education/Scholarship and Meeting	1,484	2,328	-	3,812
MWCD Stream Protection Program	-	-	10,000	10,000
CORSA	-	681	-	681
License/Service Fee	5	4,997	-	5,002
Travel and Expenses	4	3,707	-	3,711
Advertising and Printing	820	2,498	-	3,318
OPERS	-	28,827	-	28,827
Deferred Compensation	-	6,784	-	6,784
Health Insurance	-	30,685	-	30,685
Medicare	-	3,385	-	3,385
Product/Materials for Resale	4,981	-	-	4,981
Purchase of New Vehicle	-	35,875	-	35,875
Vehicle Expense	-	4,300	-	4,300
Annual Meeting/Banquet	14,286	-	-	14,286
Other	1,655	-	-	1,655
<i>Total Cash Disbursements</i>	<u>31,171</u>	<u>570,495</u>	<u>182,445</u>	<u>784,111</u>
<i>Net Change in Fund Cash Balances</i>	(3,961)	(106,010)	56,217	(53,754)
<i>Fund Cash Balances, January 1</i>	<u>362,713</u>	<u>138,373</u>	<u>110,409</u>	<u>611,495</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 358,752</u>	<u>\$ 32,363</u>	<u>\$ 166,626</u>	<u>\$ 557,741</u>

See accompanying notes to the financial statements.

# Holmes County Soil and Water Conservation District

Holmes 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 Holmes County Soil and Water Conservation District, Holmes 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.

### *Public Entity Risk Pools*

The District participates in a public entity risk pool. Note 8 to the financial statements provides additional information for these entities.

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:

***Healthy Soils Grant*** Funds from ODA for conservation education.

***Walnut Creek WQT*** Funds that have been received by the district, but not yet paid out to water quality trading participants in the Walnut Creek water quality trading program.

***Commission Toolbox Grant*** Funds that are being held and awaiting guidance since intended WQ Project did not develop.

***Alpine WQT*** Funds that have been received by the district and paid out annually to participants as part of the Alpine Cheese water quality trading program.

***Muskingum Watershed Conservation District (MWCD)*** Funds to cover crop cost share.

***Western Reserve Land Conservancy*** Funds received for riparian and planting project. Paid out to 2022 Rush Run project. Closed out in 2022.

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

The Holmes 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 Holmes County Auditor's Office at 75 E. Clinton St., Suite 107, Millersburg, OH 44654. The Holmes County Auditor's Office phone number is 330-674-1896.

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

For the District Fund and other funds, the District records Money market mutual funds at share values the mutual funds report.

***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.

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**Note 3 – Special Fund Budgetary Activity**

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

Fund	2022 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
Special	\$546,925	\$464,485	(\$82,440)

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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2022 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
<u>Fund</u>	<u>Authority</u>	<u>Expenditures</u>	<u>Variance</u>
Special	\$602,858	\$570,495	\$32,363

**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 Holmes 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	\$214,556
Certificates of deposit	208,799
Money Market	102,023
County Treasurer Deposits	<u>32,363</u>
Total deposits	<u>557,741</u>
Total deposits	<u><u>\$557,741</u></u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

The District is a member of the County Risk Sharing Authority, Inc. (CORSA). CORSA assumes the risk of loss up to the limits of the Holmes County Commissioners policy. CORSA may make supplemental assessments if the experience of the overall pool is unfavorable. CORSA covers the following risks:

- General liability;
- Property; and
- Vehicle.

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**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.

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 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 – Public Entity Risk Pool**

The District participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 9 – Fund Balances**

The fund balance of the other funds is either restricted or committed.

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will 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.



**Holmes County Soil and Water Conservation District**  
Holmes County, Ohio

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

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants:				
Local Government	\$ 10,500	\$ 203,000	\$ -	\$ 213,500
State Government	-	196,290	131,312	327,602
Sale of Products/Materials	28,344	-	-	28,344
Rentals	333	-	-	333
Donations/Affiliate	500	-	-	500
Alpine Program	-	-	15,600	15,600
Cover Crops	-	-	115,100	115,100
Annual Meeting	1,595	-	-	1,595
Interest Income	1,674	-	-	1,674
All Other Revenue	19,015	-	-	19,015
<i>Total Cash Receipts</i>	<u>61,961</u>	<u>399,290</u>	<u>262,012</u>	<u>723,263</u>
<b>Cash Disbursements</b>				
Salaries	-	175,958	38,014	213,972
Supplies	165	3,343	-	3,508
Equipment	-	147	-	147
Alpine Program	-	-	12,590	12,590
Contract Projects	-	72,033	-	72,033
Contract Services/Cost Share Payment	-	20,208	83,328	103,536
Cover Crops	-	-	108,106	108,106
Rental Expense	-	17,876	-	17,876
IT Expense	-	6,089	-	6,089
Information/Education/Scholarship	6,137	2,452	-	8,589
License/Service Fee	-	3,504	-	3,504
Travel and Expenses	-	636	-	636
Advertising and Printing	27	1,450	-	1,477
OPERS	-	27,902	-	27,902
Deferred Compensation	-	4,588	-	4,588
Health Insurance	-	39,240	-	39,240
Medicare	-	3,104	-	3,104
Product/Materials for Resale	13,275	-	-	13,275
Vehicle Expense	10	1,037	-	1,047
Annual Meeting/Banquet	4,054	-	-	4,054
Other	5,079	-	-	5,079
Admin Fees	-	665	16,964	17,629
<i>Total Cash Disbursements</i>	<u>28,747</u>	<u>380,232</u>	<u>259,002</u>	<u>667,981</u>
<i>Net Change in Fund Cash Balances</i>	33,214	19,058	3,010	55,282
<i>Fund Cash Balances, January 1</i>	<u>329,499</u>	<u>119,315</u>	<u>107,399</u>	<u>556,213</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 362,713</u>	<u>\$ 138,373</u>	<u>\$ 110,409</u>	<u>\$ 611,495</u>

See accompanying notes to the financial statements.

# Holmes County Soil and Water Conservation District

*Holmes 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 Holmes County Soil and Water Conservation District, Holmes 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.

### ***Public Entity Risk Pools***

The District participates in a public entity risk pool. Note 8 to the financial statements provides additional information for these entities.

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

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

### ***Basis of Presentation***

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

### ***Fund Accounting***

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

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

***Healthy Soils Grant*** Funds from ODA for conservation education.

***Walnut Creek WQT*** Funds that have been received by the district, but not yet paid out to water quality trading participants in the Walnut Creek water quality trading program.

***Commission Toolbox Grant*** Funds that are being held and awaiting guidance since intended WQ Project did not develop.

***Alpine WQT*** Funds that have been received by the district and paid out annually to participants as part of the Alpine Cheese water quality trading program.

***Muskingum Watershed Conservation District (MWCD)*** Funds to cover crop cost share.

***Western Reserve Land Conservance*** Received for riparian and planting project.

***Watershed Coordinator Grant*** Funds received to be used for a portion of watershed coordinator salary.

## **Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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### ***Basis of Accounting***

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

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

### ***Budgetary Process***

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

### ***Deposits and Investments***

The Holmes 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 Holmes County Auditor's Office at 75 E. Clinton St., Suite 107, Millersburg, OH 44654. The Holmes County Auditor's Office phone number is 330-674-1896.

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

For the District Fund and other funds, the District records Money market mutual funds at share values the mutual funds report.

### ***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.

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**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	\$492,732	\$399,290	(\$93,442)

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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<u>2021 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Special	\$556,618	\$380,232	\$176,386

**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 Holmes 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>2021</u>
Demand deposits	\$163,701
Certificates of deposit	208,047
Money Market	101,374
County Treasurer Deposits	<u>138,373</u>
Total deposits	<u>\$611,495</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

The District is a member of the County Risk Sharing Authority, Inc. (CORSA). CORSA assumes the risk of loss up to the limits of the Holmes County Commissioners policy. CORSA may make supplemental assessments if the experience of the overall pool is unfavorable. CORSA covers the following risks:

- General liability;
- Property; and
- Vehicle.

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**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.

Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2021.

**Note 7 – 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 – Public Entity Risk Pool**

The District participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 9 – Fund Balances**

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

<u>Fund Balances</u>	<u>District</u>	<u>Total</u>
Outstanding Encumbrances	14,153	14,153
Total	<u>\$14,153</u>	<u>\$14,153</u>

The fund balance of the other funds is either restricted or committed. In the District fund, outstanding encumbrances are considered assigned.

**Holmes County Soil and Water Conservation District**

*Holmes County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will 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.



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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**

Holmes County Soil and Water Conservation District  
Holmes County  
62 West Clinton Street  
Millersburg, Ohio 44654

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 Holmes County Soil and Water Conservation District, Holmes County, (the District) and have issued our report thereon dated August 22, 2023, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District.

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

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
August 22, 2023

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# OHIO AUDITOR OF STATE KEITH FABER



**HOLMES COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**HOLMES 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 11/28/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)