



OHIO AUDITOR OF STATE
KEITH FABER



THE CUYAHOGA SOIL AND WATER CONSERVATION DISTRICT
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2022.....	5
Notes to the Financial Statements For the Year Ended December 31, 2022.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2021.....	13
Notes to the Financial Statements For the Year Ended December 31, 2021.....	15
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23
Prepared by Management:	
Summary Schedule of Prior Audit Findings	27

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

The Cuyahoga Soil and Water Conservation District
Cuyahoga County
3311 Perkins Avenue, Suite 100
Cleveland, Ohio 44114

To the Board of Directors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of The Cuyahoga Soil and Water Conservation District, Cuyahoga County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type 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 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 December 5, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 5, 2023

This page intentionally left blank.

The Cuyahoga Soil and Water Conservation District

Cuyahoga 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	Combined Total
Cash Receipts				
Grants				
Local Government	151,327	893,945	-	1,045,272
State Government	-	593,369	-	593,369
Federal Government	-	-	41,873	41,873
Gifts and Contributions	2,264	-	-	2,264
Sale of Products/Materials	62,097	-	-	62,097
Rentals	3,900	-	-	3,900
All Other Revenue	60,186	-	-	60,186
<i>Total Cash Receipts</i>	<u>279,774</u>	<u>1,487,314</u>	<u>41,873</u>	<u>1,808,961</u>
Cash Disbursements				
Salaries	-	945,705	-	945,705
Supplies	4,862	30,213	-	35,075
Equipment	-	12,237	-	12,237
Contract Services/Cost Share Payment	56,625	61,583	3,336	121,544
Rentals	-	65,000	-	65,000
Service Fees	3,780	-	-	3,780
Information and Education	1,012	-	-	1,012
Travel and Expenses	-	45,946	-	45,946
Advertising and Printing	1,316	20,517	-	21,833
OPERS	-	129,390	-	129,390
Hospitalization	-	162,296	-	162,296
Medicare	-	13,315	-	13,315
Product/Materials for Resale	51,026	-	-	51,026
Postage	11,541	5,395	-	16,936
Other	15,513	8,517	-	24,030
<i>Total Cash Disbursements</i>	<u>145,675</u>	<u>1,500,114</u>	<u>3,336</u>	<u>1,649,125</u>
<i>Net Change in Fund Cash Balances</i>	134,099	(12,800)	38,537	159,836
<i>Fund Cash Balances, January 1</i>	<u>1,353,582</u>	<u>858,923</u>	<u>(52,196)</u>	<u>2,160,309</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,487,681</u>	<u>\$846,123</u>	<u>(\$13,659)</u>	<u>\$2,320,145</u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
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 Cuyahoga Soil and Water Conservation District, Cuyahoga 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, stewardship of lands, design review of development plans, education services, technical assistance, and various other services.

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.

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.

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 4.

Deposits and Investments

The Cuyahoga 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 Cuyahoga County Fiscal Office:

Brianna Witt
Budget and Planning Administrator
Office of Budget & Management
Cuyahoga County Fiscal Office
216-443-3516
bwitt@cuyahogacounty.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.

Money market mutual funds (including STAR Ohio) are recorded 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, including a portion of accumulated sick leave if the employee retires. The financial statements do not include a liability for unpaid leave or unpaid sick time.

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Leases

The District is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/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.

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 – Compliance

Contrary to Ohio law, the District did not certify to the County Auditor the total amount from all sources available for expenditures from its Special Fund or obtain a certificate of estimated resources from the Budget Commission. In addition, the District's Special Fund appropriations exceeded the amount certified as available by the budget commission by \$1,512,024.

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$0	\$1,487,314	\$1,487,314

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$1,512,024	\$1,500,114	\$11,910

Note 5 – Deposits and Investments

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

Demand Deposits		2022
Demand deposits		\$197,083
Petty Cash		150
County Treasurer Deposits		807,838
Total deposits		1,005,071
Investments		
Star Ohio		1,315,074
Total deposits and investments		\$2,320,145

Deposits

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

Investments

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

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management

Workers' Compensation

The District has Workers Compensation Insurance through the Cuyahoga County Treasurer. Cuyahoga county has had an Accumulated Surplus in their Workers Compensation Fund. The District was not charged a premium for Workers' Compensation for the year ending December 31, 2022.

Risk Pool Membership

The District is a member of the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 792 (as of December 31, 2020) Ohio governments, townships, villages, and other agencies ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, general liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible. The Plan assumes the risk of loss up to the limits of the District's policy. The Plan may make supplemental assessments if the experience of the overall pool is unfavorable.

The Plan received an Audit for 2022. The Auditors reported the financial statements of the Ohio Plan Risk Management, Inc are presented fairly. The Plan reported the following summary of actuarially measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments:	\$21,662,291
Actuarial liabilities	\$18,158,351
Accumulated surplus:	\$3,503,940

You can obtain the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website, www.ohioplan.org.

Note 7 – 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

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 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 9 – Contingent Liabilities

The District does not have any lawsuits currently and is unaware of any future lawsuits.

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

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the District did not have any outstanding encumbrances. The fund balance of the other funds is either restricted or committed.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Cuyahoga Soil and Water Conservation District

Cuyahoga 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)
Cash Receipts				
Grants				
Local Government--Other Cities	53,199	863,621	-	916,820
State Government	-	581,598	-	581,598
Federal Government	-	-	147,424	147,424
Gifts and Contributions	1,850	-	-	1,850
Sale of Products/Materials	43,505	-	-	43,505
All Other Revenue	24,654	-	-	24,654
<i>Total Cash Receipts</i>	<u>123,208</u>	<u>1,445,219</u>	<u>147,424</u>	<u>1,715,851</u>
Cash Disbursements				
Salaries	-	894,660	-	894,660
Supplies	1,796	19,181	-	20,977
Equipment	4,426	6,057	-	10,483
Contract Services/Cost Share Payment	56,397	16,154	140,978	213,529
Rentals	-	55,000	-	55,000
Service Fees	1,082	-	-	1,082
Information and Education	12,559	-	-	12,559
Travel and Expenses	119	5,353	-	5,472
Advertising and Printing	21,256	34,954	-	56,210
OPERS	-	123,301	-	123,301
Worker's Compensation	-	9,079	-	9,079
Unemployment Compensation	-	11,308	-	11,308
Hospitalization	-	136,834	-	136,834
Medicare	-	12,547	-	12,547
Product/Materials for Resale	31,026	-	-	31,026
Postage	9,639	-	-	9,639
Dues & Subscriptions	-	10,892	-	10,892
Other	7,859	11,209	-	19,068
<i>Total Cash Disbursements</i>	<u>146,159</u>	<u>1,346,529</u>	<u>140,978</u>	<u>1,633,666</u>
<i>Net Change in Fund Cash Balances</i>	<u>(22,951)</u>	<u>98,690</u>	<u>6,446</u>	<u>82,185</u>
<i>Fund Cash Balances, January 1</i>	<u>1,376,533</u>	<u>760,233</u>	<u>(58,642)</u>	<u>2,078,124</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,353,582</u>	<u>\$858,923</u>	<u>(\$52,196)</u>	<u>\$2,160,309</u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
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 Cuyahoga Soil & Water Conservation District, Cuyahoga 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, stewardship of lands, design review of development plans, education services, technical assistance, and various other services. The District contracts with various external business entities to provide some services.

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.

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.

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 Cuyahoga 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 Cuyahoga County Fiscal Office:

Brianna Witt
Budget and Planning Administrator
Office of Budget & Management
Cuyahoga County Fiscal Office
216-443-3516
bwitt@cuyahogacounty.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.

Money market mutual funds (including STAR Ohio) are recorded 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., including a portion of accumulated sick leave if the employee retires. The financial statements do not include a liability for unpaid leave or unpaid sick time.

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Fund Balance

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

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

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

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

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

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

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

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

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$1,489,627	\$1,445,219	(\$44,408)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$1,356,251	\$1,346,529	\$9,722

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

Demand Deposits		2021
Demand deposits		\$71,721
Petty Cash		150
County Treasurer Deposits		795,485
Total deposits		867,356

Investments		
STAR Ohio		1,292,953
Total deposits and investments		\$2,160,309

Deposits

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

Investments

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

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Risk Management

Workers' Compensation

The District has Workers Compensation Insurance through the Cuyahoga County Treasurer. Cuyahoga County has had an Accumulated Surplus in their Workers Compensation Fund. The District was charged a premium for Workers' Compensation for the year ending December 31, 2021.

Risk Pool Membership

The District is a member of the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 792 (as of December 31, 2020) Ohio governments, townships, villages, and other agencies ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, general liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible. The Plan assumes the risk of loss up to the limits of the District's policy. The Plan may make supplemental assessments if the experience of the overall pool is unfavorable. The Plan received an Audit for 2021. The Auditors reported the financial statements of the Ohio Plan Risk Management, Inc are presented fairly. The Plan reported the following summary of actuarially measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments:	\$21,777,439
Actuarial liabilities	\$15,037,383
Accumulated surplus:	\$6,740,056

You can obtain the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website at www.ohioplan.com.

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.

The Cuyahoga Soil and Water Conservation District
Cuyahoga County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Postemployment Benefits

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

Note 8 – Contingent Liabilities

The District does not have any lawsuits currently and is unaware of any future lawsuits.

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

Note 9 – Related Party Transactions

The District provides various services to the City of Cleveland, including Public Education and Storm Water Pollution Prevention Programs. The husband of the District's Director is a high-level Chief at the City of Cleveland.

For the year ending December 31, 2021, the City of Cleveland paid \$120,000 for these services.

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for good or services. Encumbrances 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 District did not have any outstanding encumbrances. The fund balance of the other funds is either restricted or committed.

Note 11 – COVID-19

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

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

The Cuyahoga Soil and Water Conservation District
Cuyahoga County
3311 Perkins Avenue, Suite 100
Cleveland, Ohio 44114

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of The Cuyahoga Soil and Water Conservation District, Cuyahoga County, (the District) and have issued our report thereon dated December 5, 2023, 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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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*.

District's Response to Findings

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 5, 2023

**THE CUYAHOGA SOIL AND WATER CONSERVATION DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Material Weakness – Financial Reporting

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

The following errors in the 2022 financial report were conveyed to management and subsequently corrected in the final report and in the accounting system related to fund balance adjustments:

Fund Name	Line Item	Presented Amount	Actual Amount	Audit Adjustment
District:				
	Cash Receipts - Sale of Products/Materials	\$ 58,677	\$ 62,097	\$ 3,420
	Cash Receipts - All Other Revenue	63,606	60,186	(3,420)
Special:				
	Cash Receipts - Grants – Local Government	1,024,784	893,945	(130,839)
	Cash Disbursements – Contract Services/Cost Share Payment	90,222	61,583	(28,639)
	Cash Disbursements – Other	8,840	8,517	(323)
	Beginning Cash Fund Balance	756,723	858,923	102,200
	Ending Cash Fund Balance	845,800	846,123	323

**THE CUYAHOGA SOIL AND WATER CONSERVATION DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(CONTINUED)**

The following errors in the 2021 financial report were conveyed to management and subsequently corrected in the final report and in the accounting system related to fund balance adjustments:

Fund Name	Line Item	Presented Amount	Actual Amount	Audit Adjustment
District:				
	Cash Receipts - District Services	9,624	0	(9,624)
	Cash Receipts - Misc CC	1,881	0	(1,881)
	Cash Receipts - Other Funding	8,350	0	(8,350)
	Cash Receipts - All Other Revenue	6,680	24,654	17,974
	Cash Disbursements – Other	9,740	7,859	(1,881)
	Beginning Cash Fund Balance	1,329,293	1,376,533	47,240
	Ending Cash Fund Balance	1,306,342	1,353,582	47,240
Special:				
	Cash Receipts - Grants – Local Government (DF)	85,334	0	(85,334)
	Cash Receipts - Grants – Local Government	731,890	863,621	131,731
	Cash Receipts - Grants – State Government	0	581,598	581,598
	Cash Disbursements – Contract Services/Cost Share Payment	71,957	16,154	(55,803)
	Beginning Cash Fund Balance	749,154	760,233	11,079
	Ending Cash Fund Balance	164,046	858,923	694,877
Other:				
	Cash Receipts - Grants – State Government	581,598	0	(581,598)
	Contract Services/Cost Share Payment	0	140,978	140,978
	Federal Grant Expenses	128,726	0	(128,726)
	State Grant Expenses	12,252	0	(12,252)
	Beginning Cash Fund Balance	0	(58,642)	(58,642)
	Ending Cash Fund Balance	588,044	(52,196)	(640,240)

**THE CUYAHOGA SOIL AND WATER CONSERVATION DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(CONTINUED)**

The District did not have sufficient internal controls over the posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s).

These weaknesses resulted in material misstatements to the financial statements and could lead to operating decisions being made based upon inaccurate financial data.

The District should implement additional internal controls over the posting of revenues and, expense and on the overall preparation and presentation of regulatory cash basis financial reports.

Official's Response:

The 2019-2020 State Audit was the first comprehensive audit completed for The Cuyahoga Soil & Water Conservation District. The insufficiencies in internal controls related to posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s) identified in the 2019-2020 State Audit were not detected and addressed until after the 2021 Cash Basis report was submitted. As a result, Cuyahoga SWCD was expecting adjustments would be needed to the 2021 financial statements in subsequent audit years.

Additionally, the following actions have been taken to address the insufficiencies in the District's internal controls related to posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s):

- Beginning in 2022, Cuyahoga SWCD has been working with Cuyahoga County fiscal staff to establish distinct funds for all State and Federal grants managed by the District.
- In October 2023, Cuyahoga SWCD has contracted with a new vendor to provide monthly and annual accounting services, including the annual financial statements/cash basis report. The selected vendor is a certified public accounting firm which has experience working with other Soil & Water Conservation Districts. It is expected that this new firm will support Cuyahoga SWCD in identifying and addressing internal controls related to posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s) which may result in material misstatements to the financial statements.
- Cuyahoga SWCD will be transitioning to a new accounting software (Quickbooks Online), which is also expected to address internal controls related to posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s).

This page intentionally left blank.

**CUYAHOGA SOIL & WATER CONSERVATION DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

DECEMBER 31, 2022, AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial reporting errors in 2020 and 2019 financial statements due to insufficient internal controls.	Not Corrected	<p>The 2019-2020 State Audit was the first comprehensive audit completed for The Cuyahoga Soil & Water Conservation District. The insufficiencies in internal controls related to posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s) identified in the 2019-2020 State Audit were not detected and addressed until after the 2021 Cash Basis report was submitted. As a result, Cuyahoga SWCD was expecting adjustments would be needed to the 2021 financial statements in subsequent audit years.</p> <p>Additionally, the following actions have been taken to address the insufficiencies in the District’s internal controls related to posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s):</p> <ul style="list-style-type: none"> • Beginning in 2022, Cuyahoga SWCD has been working with Cuyahoga County fiscal staff to establish distinct funds for all State and Federal grants managed by the District. • In October 2023, Cuyahoga SWCD has contracted with a new vendor to provide monthly and annual accounting services, including the annual financial statements/cash basis report. The selected vendor is a certified public accounting firm which has experience working with other Soil & Water Conservation Districts. It is expected that this new firm will support Cuyahoga SWCD in identifying and addressing internal controls related to posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s) which may result in material misstatements to the financial statements. • Cuyahoga SWCD will be transitioning to a new accounting software (Quickbooks Online), which is also expected to address internal controls related to posting of grant and other revenues and associated expenses to the proper fund(s) and/or line item(s).

OHIO AUDITOR OF STATE KEITH FABER



THE CUYAHOGA SOIL AND WATER CONSERVATION DISTRICT

CUYAHOGA 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 12/19/2023

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