



**PAULDING COUNTY SOIL AND WATER CONSERVATION DISTRICT
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022-2021

PAULDING COUNTY SOIL AND WATER CONSERVATION DISTRICT
PAULDING COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
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.....	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2021	11
Notes to the Financial Statements For the Year Ended December 31, 2021	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	21

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Paulding County Soil and Water Conservation District
Paulding County
451 McDonald Pike, Suite C
Paulding, Ohio 45879

To the Board of Supervisors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Paulding County Soil and Water Conservation District, Paulding 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.

Efficient • Effective • Transparent

Emphasis of Matter

As discussed in Note 12 to the financial statements, for the year ended December 31, 2021, the District restated the beginning fund balances in the District and Other Funds to properly report grant activity. Our opinion is not modified with respect to this matter.

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

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



Keith Faber
Auditor of State
Columbus, Ohio

December 22, 2023

This page intentionally left blank.

**Paulding County Soil and Water Conservation District
Paulding County**

**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)
Cash Receipts				
Taxes	\$573			\$573
Grants				
Local Government		\$95,298		95,298
State Government	132,495	105,293	\$5,668,019	5,905,807
Gifts and Contributions	3,130			3,130
Sale of Products/Materials	8,356			8,356
Rentals	45,235			45,235
Interest	27,666		87,999	115,665
All Other Revenue	15,189	23,589		38,778
<i>Total Cash Receipts</i>	<u>232,644</u>	<u>224,180</u>	<u>5,756,018</u>	<u>6,212,842</u>
Cash Disbursements				
Salaries		228,218		228,218
Supplies		3,989		3,989
Equipment	50,735	9,416		60,151
Contract Services/Cost Share Payment	362		818,620	818,982
Service Fees	145		89	234
Information and Education	3,182			3,182
Travel and Expenses	1,735			1,735
Advertising and Printing	475			475
OPERS		31,802		31,802
Unemployment Compensation		1,235		1,235
Insurance		61,120		61,120
Medicare		3,108		3,108
Product/Materials for Resale	8,510			8,510
Annual Meeting/Banquet	3,532			3,532
Black Swamp Nature Center	37,365	6,953		44,318
Sales Tax	586			586
Dues/Fees/Sponsorships	430			430
Other		21,839		21,839
<i>Total Cash Disbursements</i>	<u>107,057</u>	<u>367,680</u>	<u>818,709</u>	<u>1,293,446</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>125,587</u>	<u>(143,500)</u>	<u>4,937,309</u>	<u>4,919,396</u>
Other Financing Receipts (Disbursements)				
Transfers In		73,486		73,486
Transfers Out			(73,486)	(73,486)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>73,486</u>	<u>(73,486)</u>	
<i>Net Change in Fund Cash Balances</i>	125,587	(70,014)	4,863,823	4,919,396
<i>Fund Cash Balances, January 1</i>	332,341	12,577	9,001,395	9,346,313
<i>Fund Cash Balances, December 31</i>	<u>\$457,928</u>	<u>(\$57,437)</u>	<u>\$13,865,218</u>	<u>\$14,265,709</u>

See accompanying notes to the basic financial statements

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

H2Ohio Fund This fund accounts for grant monies received from the Ohio Department of Agriculture and used for nutrient reduction practices.

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.

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)**

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 Paulding 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 Paulding County Treasurer, Lou Ann Wannemacher, at 115 North Williams Street, P.O. Box 437, Paulding, Ohio 45879-0437 or by calling 419-399-8280.

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 and Other Funds, investment in STAR Ohio is measured at a net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)**

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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

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

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

Note 3 – Compliance

Contrary to Ohio Rev. Code § 5705.10, the District had a deficit fund balance in the Special Fund in the amount of \$57,437.

Note 4 – Special Fund Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$305,949	\$297,666	\$8,283

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$381,600	\$367,680	\$13,920

Note 5 – Deposits and Investments

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

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)**

	2022
Demand deposits	\$236,759
Other time deposits (savings and NOW accounts)	13,393,070
County Treasurer Deposits	5,638
Total deposits	13,635,467
STAR Ohio	630,242
Total deposits and investments	<u>\$14,265,709</u>

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.

Note 6 – Interfund Transfers

During 2022, the District transferred monies in the amounts of \$37,442 and \$36,044 from the H2Ohio Staffing and WLEB Nutrient Funds, respectively, to the Special Fund for grant payroll disbursements.

Note 7 – Risk Management

Workers' Compensation

The County Commissioners Association of Ohio Service Corporation is a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Risk Pool Membership

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among approximately seventy counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)**

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

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

Note 9 – 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 a 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.

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balances

The fund balance of the Other Funds is either restricted or committed.

Note 12 – All Other Revenue

All other revenue in the District and Special Funds primarily consisted of donations and reimbursements.

**Paulding County Soil and Water Conservation District
Paulding County**

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

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government		\$74,500		\$74,500
State Government	\$14,458	102,957	\$6,787,838	6,905,253
Sale of Products/Materials	5,360			5,360
Rentals	8,651			8,651
Interest	506		5,721	6,227
All Other Revenue	45,698	22,427		68,125
<i>Total Cash Receipts</i>	<u>74,673</u>	<u>199,884</u>	<u>6,793,559</u>	<u>7,068,116</u>
Cash Disbursements				
Salaries		206,686		206,686
Supplies		2,760		2,760
Equipment	750	11,819		12,569
Contract Services/Cost Share Payment			873,329	873,329
Rentals		960		960
Service Fees			97	97
Dues/Memberships/Sponsorships	325	2,691		3,016
Information and Education	6,310	566		6,876
Advertising and Printing	86	80		166
OPERS		28,683		28,683
Insurance	39,102	39,066		78,168
Medicare		2,997		2,997
Product/Materials for Resale	4,452			4,452
Vehicle/Building Insurance		1,521		1,521
Annual Meeting/Banquet	3,186			3,186
Black Swamp Nature Center	2,075	5,530		7,605
State Audit		5,330		5,330
Toolbar	4,076	13,428		17,504
Other	553	7,220		7,773
<i>Total Cash Disbursements</i>	<u>60,915</u>	<u>329,337</u>	<u>873,426</u>	<u>1,263,678</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,758</u>	<u>(129,453)</u>	<u>5,920,133</u>	<u>5,804,438</u>
Other Financing Receipts (Disbursements)				
Transfers In		106,116		106,116
Transfers Out			(106,116)	(106,116)
<i>Total Other Financing Receipts (Disbursements)</i>		<u>106,116</u>	<u>(106,116)</u>	
<i>Net Change in Fund Cash Balances</i>	13,758	(23,337)	5,814,017	5,804,438
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>318,583</u>	<u>35,914</u>	<u>3,187,378</u>	<u>3,541,875</u>
<i>Fund Cash Balances, December 31</i>	<u>\$332,341</u>	<u>\$12,577</u>	<u>\$9,001,395</u>	<u>\$9,346,313</u>

See accompanying notes to the basic financial statements

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

Note 1 – Reporting Entity

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

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

H2Ohio Fund This fund accounts for grant monies received from the Ohio Department of Agriculture and used for nutrient reduction practices.

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.

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)**

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 4.

Deposits and Investments

The Paulding 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 Paulding County Treasurer, Lou Ann Wannemacher, at 115 North Williams Street, P.O. Box 437, Paulding, Ohio 45879-0437 or by calling 419-399-8280.

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 and Other Funds, investment in STAR Ohio is measured at a net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)**

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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

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

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

Note 3 – Compliance

Contrary to Ohio Rev. Code § 5705.10, the District recorded grant receipts in the wrong funds.

Note 4 – Special Fund Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$438,935	\$306,000	(\$132,935)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$511,925	\$329,337	\$182,588

Note 5 – Deposits and Investments

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

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)**

	2021
Demand deposits	\$217,749
Other time deposits (savings and NOW accounts)	8,433,271
County Treasurer Deposits	75,652
Total deposits	8,726,672
STAR Ohio	619,641
Total deposits and investments	<u>\$9,346,313</u>

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.

Note 6 – Interfund Transfers

During 2021, the District transferred monies in the amounts of \$35,749, \$44,619, and \$25,748 from the H2Ohio Staffing, WLEB Nutrition, and Watershed Coordinator LE-NRP Funds, respectively, to the Special Fund for grant payroll disbursements.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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 8 – Risk Management

Workers' Compensation

The County Commissioners Association of Ohio Service Corporation is a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Risk Pool Membership

County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among approximately seventy counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

**Paulding County Soil and Water Conservation District
Paulding County**

**Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)**

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

Note 9 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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.

Note 10 – 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 11 – Fund Balances

The fund balance of the Other Funds is either restricted or committed.

Note 12 – Accounting Change

In 2021, the District created new funds to report grant activity separately from the District Fund. These adjustments had the following impact on the previously reported fund balances.

	District Fund	Other Funds
Fund Cash Balance, December 31, 2020	\$3,505,961	
Adjustment	(3,187,378)	\$3,187,378
Fund Cash Balance, January 1, 2021	\$318,583	\$3,187,378

Note 13 – All Other Revenue

All other revenue in the District and Special Funds primarily consisted of donations and reimbursements.

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

Paulding County Soil and Water Conservation District
Paulding County
451 McDonald Pike, Suite C
Paulding, Ohio 45879

To the Board of Supervisors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each fund of Paulding County Soil and Water Conservation District, Paulding County, Ohio (the District) as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements and have issued our report thereon dated December 22, 2023, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the District restated beginning fund balances to properly report grant activity.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-002 and 2022-003.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings 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 22, 2023

**PAULDING COUNTY SOIL AND WATER CONSERVATION DISTRICT
PAULDING 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.

In 2021, budgetary expenditures in the budgetary activity note to the financial statements were overstated in the Special Fund in the amount of \$137,658.

This error was the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to the Board of Supervisors making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other immaterial errors ranging from \$64 to \$10,682. In addition to the adjustments noted above, we also identified an additional immaterial misstatement in the amount of \$362 that we have brought to the District's attention.

The District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the District Administrator and Board, to help identify and correct errors and omissions.

FINDING NUMBER 2022-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In 2021, the District inappropriately recorded \$63,075 of grant revenue in the Special Fund. Given the source of the revenue, \$35,307 and \$27,768 should have been recorded in the LE-NRSP and Watershed Coordinator LE-NRP Other Funds, respectively. Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

FINDING NUMBER 2022-003

Noncompliance

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Special Fund had a deficit fund balance in the amount of \$57,437 at December 31, 2022. Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the Management and/or Board's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The District should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

Officials' Response:

The Paulding County Soil and Water Conservation District has reviewed the findings summary and has a better understanding of the posting issues and has made it a priority to work on correcting these issues for future postings. Grant funds will be transferred to the correct fund with received through an automatic electronic transfer.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	This finding was first reported in 2012. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2022-001 in this report.	An effort was made to correct errors in the financial statements. The District now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.
2020-002	This finding was first reported in 2019. Material weakness and noncompliance with Ohio Rev. Code § 5705.10(D) for posting receipts and disbursements in the wrong fund.	Not corrected and reissued as Finding 2022-002 in this report.	An effort was made to correct errors in the financial statements. The District now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



PAULDING COUNTY SOIL AND WATER CONSERVATION DISTRICT

PAULDING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/4/2024

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

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