



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, 2020 | 5 |
| Notes to the Financial Statements For the Year Ended December 31, 2020 | 7 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) For the Year Ended December 31, 2019 | 13 |
| Notes to the Financial Statements For the Year Ended December 31, 2019 | 15 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 23 |
| Schedule of Findings | 25 |

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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 Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type for the year ended December 31, 2020 and for each governmental fund type as of December 31, 2019, and related notes of The Cuyahoga Soil and Water Conservation District, Cuyahoga County, Ohio (the District).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 in the notes to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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

May 6, 2022

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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, 2020

| | District Fund | Special Fund | Other Funds | Totals (Memorandum Only) |
|---|--------------------|------------------|-------------------|--------------------------------|
| Cash Receipts | | | | |
| Grants | | | | |
| Local Government | \$ 125,425 | \$ 831,279 | - | \$ 956,704 |
| State Government | - | 596,373 | - | 596,373 |
| Federal Government | - | - | 152,673 | 152,673 |
| Sale of Products/Materials | 20,131 | - | - | 20,131 |
| All Other Revenue | 95,305 | - | - | 95,305 |
| <i>Total Cash Receipts</i> | <u>240,861</u> | <u>1,427,652</u> | <u>152,673</u> | <u>1,821,186</u> |
| Cash Disbursements | | | | |
| Salaries | - | 771,344 | - | 771,344 |
| Supplies | 2,580 | 4,267 | - | 6,847 |
| Equipment | 653 | 16,760 | - | 17,413 |
| Contract Expenses | - | - | 136,587 | 136,587 |
| Contract Services/Cost Share Payment | 29,303 | 41,917 | - | 71,220 |
| Rentals | 0 | 67,850 | - | 67,850 |
| Service Fees | 988 | - | - | 988 |
| Information and Education | 5,847 | - | - | 5,847 |
| Travel and Expenses | 1,286 | 7,097 | - | 8,383 |
| Advertising and Printing | - | 35,268 | - | 35,268 |
| OPERS | - | 107,278 | - | 107,278 |
| Hospitalization | - | 104,724 | - | 104,724 |
| Medicare | - | 10,845 | - | 10,845 |
| Product/Materials for Resale | 36,524 | 0 | - | 36,524 |
| Other | 30,879 | 30,791 | 440 | 62,110 |
| <i>Total Cash Disbursements</i> | <u>108,060</u> | <u>1,198,141</u> | <u>137,027</u> | <u>1,443,228</u> |
| <i>Net Change in Fund Cash Balances</i> | 132,801 | 229,511 | 15,646 | 377,958 |
| <i>Fund Cash Balances, January 1</i> | <u>1,243,732</u> | <u>530,722</u> | <u>(74,288)</u> | <u>1,700,166</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$1,376,533</u> | <u>\$760,233</u> | <u>(\$58,642)</u> | <u>\$2,078,124</u> |

See accompanying notes to the basic financial statements

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The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 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, services, grants, and donations.

Other Fund: This fund accounts for and reports the proceeds of grants 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
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020 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.

The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2020 follows:

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund | Budgeted Receipts | Actual Receipts | Variance |
| Special | \$1,480,336 | \$1,427,652 | (\$52,684) |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund | Appropriation Authority | Budgetary Expenditures | Variance |
| Special | \$1,348,613 | \$1,198,141 | \$150,472 |

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:

| | |
|--------------------------------|-------------|
| | 2020 |
| Demand deposits | \$36,898 |
| Petty Cash | 150 |
| County Treasurer Deposits | 749,154 |
| Total deposits | 786,202 |
| Investments | |
| STAR Ohio | 1,187,574 |
| STAR Ohio--Stewardships | 104,348 |
| Total investments | 1,291,922 |
| Total deposits and investments | \$2,078,124 |

Deposits

All District Fund 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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Risk Management

Risk Pool Membership

The District is a member 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 776 (as of Dec 31, 2019) 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 2020. 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>2020</u> |
| Cash and investments | \$15,920,000 |
| Actuarial liabilities | \$11,329,000 |
| Accumulated surplus | \$4,591,000 |

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

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, 2020.

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

The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

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, 2020, the City of Cleveland paid \$120,000 for these services.

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– Change in Accounting Principle

For 2020, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 12 – 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. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. In addition, 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, 2019

| | District Fund | Special Fund | Other Funds | Totals (Memorandum Only) |
|---|---------------------|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | | |
| Grants | | | | |
| Local Government | \$ 63,721 | \$ 815,002 | \$ 55,370 | \$ 934,093 |
| State Government | - | 472,638 | - | 472,638 |
| State Government--Other Grants | - | - | - | - |
| Federal Government | - | - | 193,447 | 193,447 |
| Sale of Products/Materials | 5,933 | - | - | 5,933 |
| All Other Revenue | 55,155 | - | - | 55,155 |
| <i>Total Cash Receipts</i> | <u>124,809</u> | <u>1,287,640</u> | <u>248,817</u> | <u>1,661,266</u> |
| Cash Disbursements | | | | |
| Salaries | - | 724,098 | - | 724,098 |
| Supplies | 5,417 | 1,403 | - | 6,820 |
| Equipment | 2,391 | 14,961 | - | 17,352 |
| Contract Expenses | 63,721 | - | 323,105 | 386,826 |
| Contract Services/Cost Share Payment | 14,587 | 26,324 | - | 40,911 |
| Rentals | - | 50,650 | - | 50,650 |
| Service Fees | 1,047 | - | - | 1,047 |
| Information and Education | 14,896 | - | - | 14,896 |
| Travel and Expenses | 4,101 | 13,327 | - | 17,428 |
| Advertising and Printing | 2,881 | 21,165 | - | 24,046 |
| OPERS | - | 100,845 | - | 100,845 |
| Hospitalization | - | 110,763 | - | 110,763 |
| Medicare | - | 10,116 | - | 10,116 |
| Product/Materials for Resale | 9,138 | - | - | 9,138 |
| Other | 22,622 | 27,111 | - | 49,733 |
| <i>Total Cash Disbursements</i> | <u>140,801</u> | <u>1,100,763</u> | <u>323,105</u> | <u>1,564,669</u> |
| <i>Net Change in Fund Cash Balances</i> | (15,992) | 186,877 | (74,288) | 96,597 |
| <i>Fund Cash Balances, January 1</i> | <u>1,259,724</u> | <u>343,845</u> | <u>-</u> | <u>1,603,569</u> |
| Fund Cash Balances, December 31 | | | | |
| Committed | 1,150 | - | - | 1,150 |
| Assigned | 108,275 | - | - | 108,275 |
| Unassigned (Deficit) | 1,134,307 | 530,722 | (74,288) | 1,590,741 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 1,243,732</u> | <u>\$ 530,722</u> | <u>\$ (74,288)</u> | <u>\$ 1,700,166</u> |

See accompanying notes to the basic financial statements

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The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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'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 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, services, grants, and donations.

Other Fund: This fund accounts for and reports the proceeds of grants 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
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 2019 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.

For the District Fund, the investment in STAR Ohio is measured at the 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.

The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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*. Funds other than the special and district funds report all fund balances as *assigned* unless they are restricted or committed. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

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.

The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2019 follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund | Budgeted Receipts | Actual Receipts | Variance |
| Special | \$1,148,671 | \$1,287,640 | \$138,969 |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund | Appropriation Authority | Budgetary Expenditures | Variance |
| Special | \$1,136,244 | \$1,100,763 | \$35,481 |

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:

| | |
|--------------------------------|-------------|
| | 2019 |
| Demand deposits | \$70,208 |
| Petty Cash | 150 |
| County Treasurer Deposits | 544,379 |
| Total deposits | 614,737 |
| Investments | |
| STAR Ohio | 981,801 |
| STAR Ohio--Stewardship | 103,611 |
| STAR Ohio--Other District Fund | 17 |
| Total investments | 1,085,429 |
| Total deposits and investments | \$1,700,166 |

The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits

All District Fund 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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Restatement of Fund Balances

Upon review of the District’s January 1, 2019 cash fund balances, the District determined that prepaids and security deposits were improperly included as part of the District fund balance. This resulted in a \$6,959 reduction in the January 1, 2019 cash fund balance in the District Fund.

| | District Fund | Special Fund | Total Funds |
|--|---------------|--------------|-------------|
| <i>Fund Balances – January 1, 2019</i> | \$1,266,683 | \$343,845 | \$1,610,528 |
| <i>Adjustments:</i> | (6,959) | 0 | (6,959) |
| <i>Restated Fund Balances (Deficit)- January 1, 2019</i> | \$1,259,724 | \$343,845 | \$1,603,569 |

Note 6 – Risk Management

Risk Pool Membership

The District belongs to 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 764 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, 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 Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 47% casualty and the 30% property portions the Plan retains. The Plan retains the lesser of 47% or \$117,500 of casualty losses and the lesser of 30% or \$300,000 of property losses. The Plan is also participating in a property primary excess of loss treaty. This treaty reimburses the Plan 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2019:

| | |
|-----------------------|------------|
| | 2019 |
| Cash and investments | 15,065,000 |
| Actuarial liabilities | 10,734,000 |
| Members' Equity | 4,331,000 |

You can read 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 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, 2019.

The Cuyahoga Soil And Water Conservation District
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Contingent Liabilities

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 – Related Party Transactions

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

For the year ending December 31, 2019, the City of Cleveland paid \$213,000 for these services.

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

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 and the Comptroller General of the United States' Government Auditing Standards, the financial statements of The Cuyahoga Soil and Water Conservation District, Cuyahoga County, (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated May 6, 2022, wherein we noted the District followed financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 6, 2022

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

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 2020 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: | | | | |
| | Beginning Cash Fund Balance | \$1,167,279 | \$1,243,732 | \$76,453 |
| | Cash Disbursements – Other | 29,589 | 30,879 | 1,290 |
| | Cash Receipts - Grants – Federal | 137,027 | 0 | (137,027) |
| | Cash Receipts - Other | 110,951 | 95,305 | (15,646) |
| | Other Financing Sources | 793,094 | 0 | (793,094) |
| | Other Financing Uses | (904,945) | 0 | 904,945 |
| | Advance Out | (117) | 0 | 117 |
| | Ending Cash Fund Balance | 1,342,075 | 1,376,533 | 34,458 |
| Special: | | | | |
| | Cash Receipts – Grants – State Gov. | 812,598 | 596,373 | (216,225) |
| | Cash Receipts - Grants – Local Gov | 596,373 | 831,279 | 234,906 |
| | Cash Disbursements – Other | 36,846 | 30,791 | (6,055) |
| | Beginning Cash Fund Balance | 544,379 | 530,722 | (13,657) |
| | Ending Cash Fund Balance | 749,154 | 760,233 | 11,079 |
| Other: | | | | |
| | Cash Receipts - Grants – Federal | 0 | 152,673 | 152,673 |
| | Cash Disbursements - Contract Expenses | 0 | 137,027 | 137,027 |
| | Beginning Cash Fund Balance | 0 | (74,288) | (74,288) |
| | Ending Fund Balance | 0 | (58,642) | (58,642) |

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(CONTINUED)**

The following errors in the 2019 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: | | | | |
| | Beginning Cash Fund Balance | \$1,266,683 | \$1,259,724 | (\$6,959) |
| | Cash Disbursements - Other | 18,089 | 22,622 | 4,533 |
| | Cash Receipts - Grants – Local Gov. | 0 | 63,721 | 63,721 |
| | Cash Disbursements - Contract Exp. | 0 | 63,721 | 63,721 |
| | Other Financing Uses | (87,945) | 0 | 87,945 |
| | Ending Cash Fund Balance | 1,167,279 | 1,243,732 | 76,453 |
| | Nonspendable Fund Balance | 103,611 | 0 | (103,611) |
| | Assigned Fund Balance | 0 | 103,611 | 103,611 |
| | | | | |
| Special: | | | | |
| | Cash Receipts – State Gov. – Other Grants | 193,447 | 0 | (193,447) |
| | Other Financing Uses | (193,447) | 0 | 193,447 |
| | Cash Receipts - Grants – Local Gov | 836,175 | 815,002 | (21,173) |
| | Cash Disbursements - Other | 34,627 | 27,111 | (7,516) |
| | Ending Cash Fund Balance | 544,379 | 530,722 | (13,657) |
| | | | | |
| Other: | | | | |
| | Cash Receipts – State Gov. – Other Grants | 0 | 55,370 | 55,370 |
| | Cash Receipts - Grants - Federal | 0 | 193,447 | 193,447 |
| | Cash Disbursements - Contract Exp. | 0 | 323,105 | 323,105 |
| | Ending Fund Balance | 0 | (74,288) | (74,288) |

The District did not have sufficient internal controls over the posting of grant revenues and associated expenses to the proper fund(s) and/or line item(s). In addition, weak internal controls over the preparation of regulatory cash basis financial reports resulted in prepaids and security deposits being included as part of the District Fund's cash fund balance.

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 grant revenues, grant expenses and on the overall preparation and presentation of regulatory cash basis financial reports.

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(CONTINUED)**

Official's Response:

This is the first comprehensive audit completed for The Cuyahoga Soil & Water Conservation District. Some changes in required reporting are new for 2019 and 2020. Management will review internal controls to ensure accounting transactions are recorded properly on a Cash Basis. In addition, Management will develop procedures and policies to ensure various Federal, State, and Local Grants are recorded properly.

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 5/24/2022

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