



OHIO AUDITOR OF STATE
KEITH FABER



**JEFFERSON COUNTY SOIL AND WATER CONSERVATION DISTRICT
JEFFERSON COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Jefferson County Soil and Water Conservation District
Jefferson County
500 Market Street, Mezzanine Suite 4
Steubenville, Ohio 43952

To the Board of Supervisors:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Jefferson County Soil and Water Conservation District, Jefferson County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Emphasis of Matter

As discussed in note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the District. We did not modify our opinions regarding this matter

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 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

September 25, 2023

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Jefferson County Soil and Water Conservation District
Jefferson County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2022

	District Fund	Special Fund	Other Funds	Combined Total
Cash Receipts				
Taxes	\$792			\$792
Grants				
Local Government		\$285,654		\$285,654
State Government		214,710		214,710
Federal Government	117,240			117,240
Gifts and Contributions	1,230			1,230
Sale of Products/Materials	11,600			11,600
Rentals	1,400		\$630	2,030
All Other Revenue	65,256			65,256
<i>Total Cash Receipts</i>	<u>197,518</u>	<u>500,364</u>	<u>630</u>	<u>698,512</u>
Cash Disbursements				
Salaries		223,197		223,197
Supplies		4,500		4,500
Equipment		48,247		48,247
Contract Repairs		2,089		2,089
Contract Services/Cost Share Payment	90	30,612	150	30,852
Rentals	200	18,000		18,200
Service Fees	308	4,000		4,308
Information and Education	5,887	3,500		9,387
Travel and Expenses	108	13,000		13,108
Advertising and Printing	62	5,000	484	5,546
OPERS		30,450		30,450
Hospitalization		61,371		61,371
Medicare		3,163		3,163
Product/Materials for Resale	13,614			13,614
Reimbursement - State Refunds	35			35
Other	196,220	2,649		198,869
<i>Total Cash Disbursements</i>	<u>216,524</u>	<u>449,778</u>	<u>634</u>	<u>666,936</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,006)</u>	<u>50,586</u>	<u>(4)</u>	<u>31,576</u>
<i>Net Change in Fund Cash Balances</i>	(19,006)	50,586	(4)	31,576
<i>Fund Cash Balances, January 1</i>	<u>299,617</u>	<u>275,807</u>	<u>8,380</u>	<u>583,804</u>
<i>Fund Cash Balances, December 31</i>	<u>\$280,611</u>	<u>\$326,393</u>	<u>\$8,376</u>	<u>\$615,380</u>

See accompanying notes to the basic financial statements

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Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Farmers' Market Checking Account The Farmers' Market checking account fund accounts for monies allocated for the coordination of the Farmers' gateway Market.

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.

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Budgetary Process

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Jefferson 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 Jefferson County Auditor's Office: Vickie Winski, Deputy Auditor; 301 Market Street (P.O. Box 159), Steubenville, OH 43952. Telephone: (740) 283-8511; Email Address: vickiew@jeffersoncountyoh.com

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

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

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

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

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

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

Note 3 – Special Fund Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$538,792	\$500,364	(\$38,429)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$538,792	\$458,399	\$80,393

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

	<u>2022</u>
Demand deposits	\$288,987
County Treasurer Deposits	326,393
Total deposits	<u>615,380</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.

Note 5 – Risk Management

Health Insurance

Health Insurance is provided to full time employees of the District through Jefferson County. The county offers two options for coverage plans: Aetna/Self-Funded Plans, Inc. and the Health Plan of the Upper Ohio Valley.

County Commissioners Association of Ohio (CCAO) Workers' Compensation Group retrospective Rating Program

The District is covered as part of Jefferson County's workers' compensation coverage. County officials entered into an agreement with the County Commissioners Association of Ohio (CCAO), in conjunction with the Ohio Bureau of Workers' Compensation, to provide workers' compensation coverage through a group retrospective rating program.

The County Commissioners Association of Ohio (CCAO) Workers' Compensation Group Retrospective Rating Program is a shared risk pool among thirty counties in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the CCAO Group Executive Committee that consists of eleven members as follows: the president and the secretary/treasurer of County Commissioners' Association of Ohio Service Corporation, nine representatives elected from the participating counties.

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2022

CCAO, a Bureau of Workers' Compensation (BWC) certified sponsor, established the Program based upon guidelines set forth by BWC. CCAO created a group of counties that will practice effective workplace safety and claims management to achieve lower premiums for workers' compensation coverage than they would individually. The participating counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating counties can receive either a premium refund or assessment. CCAO, with approval of the Group Executive Committee, retains the services of a third party administrator (TPA) that will assist CCAO staff in the day-to-day management of the plan, prepare and file necessary reports with the Ohio Bureau of Workers' Compensation and member counties, assist with loss control programs, and other duties, (excluding claims related matters, which will be the responsibility of each individual participating county). The cost of the TPA will be paid by each participating county to CCAO in proportion to its payroll and the total payroll of the group.

Commercial Insurance

The District rents office space from Jefferson County. The District also owns 522.817 acres of land in Jefferson County and 7.06 acres of land in Harrison County. The District has obtained commercial insurance for the following risks:

- Commercial property, equipment, and general liability
- Commercial automobile
- Directors and Officers liability
- Crime and Fidelity coverage

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Jefferson County Auditor's office handles all payroll and retirement for the District's employees. All of the District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 8 – 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 9 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Special</u>	<u>Total</u>
Outstanding Encumbrances	<u>8,621</u>	<u>8,621</u>
Total	<u><u>\$8,621</u></u>	<u><u>\$8,621</u></u>

In the special fund, outstanding encumbrances are considered assigned.

Note 10 – COVID-19

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

Jefferson County Soil and Water Conservation District
Jefferson County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2021

	District Fund	Special Fund	Other Funds	Combined Total
Cash Receipts				
Grants				
Local Government		\$212,000		\$212,000
State Government		269,432		269,432
Federal Government	\$118,509			118,509
Gifts and Contributions	1,055			1,055
Sale of Products/Materials	11,062			11,062
Rentals			\$960	960
All Other Revenue	78,229		2	78,231
<i>Total Cash Receipts</i>	<u>208,855</u>	<u>481,432</u>	<u>962</u>	<u>691,249</u>
Cash Disbursements				
Salaries		214,115		214,115
Supplies		4,450		4,450
Equipment		18,255		18,255
Contract Services/Cost Share Payment	925	34,786	150	35,861
Rentals		18,000		18,000
Service Fees	175	3,000	75	3,250
Information and Education	1,842	2,499		4,341
Travel and Expenses		5,073		5,073
Advertising and Printing	681	4,000	650	5,331
OPERS		29,976		29,976
Hospitalization		73,614		73,614
Medicare		2,992		2,992
Product/Materials for Resale	9,699			9,699
Other	177,618	2,650		180,268
<i>Total Cash Disbursements</i>	<u>190,940</u>	<u>413,410</u>	<u>875</u>	<u>605,225</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,915</u>	<u>68,022</u>	<u>87</u>	<u>86,024</u>
Other Financing Receipts (Disbursements)				
Transfers In	25,017			25,017
Transfers Out			(25,017)	(25,017)
Other Financing Sources		3,620		3,620
<i>Total Other Financing Receipts (Disbursements)</i>	<u>25,017</u>	<u>3,620</u>	<u>(25,017)</u>	<u>3,620</u>
<i>Net Change in Fund Cash Balances</i>	42,932	71,642	(24,930)	89,644
<i>Fund Cash Balances, January 1</i>	<u>256,685</u>	<u>204,165</u>	<u>33,310</u>	<u>494,160</u>
<i>Fund Cash Balances, December 31</i>	<u>\$299,617</u>	<u>\$275,807</u>	<u>\$8,380</u>	<u>\$583,804</u>

See accompanying notes to the basic financial statements

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Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Savings Account The savings account fund accounts for monies transferred from the District Fund checking account. This account was opened in December 2017 and when opened, contained dollars restricted to the Jense Phase II acid mine drainage remediation project, as well as monies for other District programming and activities. In 2018, the restricted funds were used for the project, leaving the remaining account balance for District programming and activities. In November 2021 the funds in this account were transferred into the District Fund checking account and the savings account was closed.

Farmers’ Market Checking Account The Farmers’ Market checking account fund accounts for monies allocated for the coordination of the Farmers’ gateway Market.

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Basis of Accounting

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

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

Budgetary Process

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Jefferson 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 Jefferson County Auditor's Office: Vicki Winski, Deputy Auditor; 301 Market Street (P.O. Box 159), Steubenville, Ohio 43952. Telephone: 740-283-8511; Email Address: vickiew@jeffersoncountyoh.com.

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

Capital Assets

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

Accumulated Leave

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

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Fund Balance

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

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

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

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

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

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

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

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

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 3 – 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	\$436,188	\$485,052	\$48,864

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$436,188	\$442,163	(\$5,975)

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

	<u>2021</u>
Demand deposits	\$307,997
County Treasurer Deposits	<u>275,807</u>
Total deposits	<u>583,804</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.

Note 5 – Risk Management

Health Insurance

Health Insurance is provided to full time employees of the District through Jefferson County. The county offers two options for coverage plans: Aetna/Self-Funded Plans, Inc. and the Health Plan of the Upper Ohio Valley.

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2021

County Commissioners Association of Ohio (CCAO) Workers' Compensation Group retrospective Rating Program

The District is covered as part of Jefferson County's workers' compensation coverage. County officials entered into an agreement with the County Commissioners Association of Ohio (CCAO), in conjunction with the Ohio Bureau of Workers' Compensation, to provide workers' compensation coverage through a group retrospective rating program.

The County Commissioners Association of Ohio (CCAO) Workers' Compensation Group Retrospective Rating Program is a shared risk pool among thirty counties in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the CCAO Group Executive Committee that consists of eleven members as follows: the president and the secretary/treasurer of County Commissioners' Association of Ohio Service Corporation, nine representatives elected from the participating counties.

CCAO, a Bureau of Workers' Compensation (BWC) certified sponsor, established the Program based upon guidelines set forth by BWC. CCAO created a group of counties that will practice effective workplace safety and claims management to achieve lower premiums for workers' compensation coverage than they would individually. The participating counties continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating counties can receive either a premium refund or assessment. CCAO, with approval of the Group Executive Committee, retains the services of a third party administrator (TPA) that will assist CCAO staff in the day-to-day management of the plan, prepare and file necessary reports with the Ohio Bureau of Workers' Compensation and member counties, assist with loss control programs, and other duties, (excluding claims related matters, which will be the responsibility of each individual participating county). The cost of the TPA will be paid by each participating county to CCAO in proportion to its payroll and the total payroll of the group.

Commercial Insurance

The District rents office space from Jefferson County. The District also owns 522.817 acres of land Jefferson County and 7.06 acres of land in Harrison County. The District has obtained commercial insurance for the following risks:

- Commercial property, equipment, and general liability
- Commercial automobile
- Directors and Officers liability
- Crime and Fidelity coverage

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Jefferson County Auditor's office handles all payroll and retirement for the District's employees. All of the District's 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.

Jefferson Soil and Water Conservation District

Jefferson County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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 7 – Postemployment Benefits

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

Note 8 – Contingent Liabilities

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 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Special</u>	<u>Total</u>
Outstanding Encumbrances	<u>28,753</u>	<u>28,753</u>
Total	<u>\$28,753</u>	<u>\$28,753</u>

In the special fund, outstanding encumbrances are considered assigned.

Note 10 – COVID-19

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



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

Jefferson County Soil and Water Conservation District
Jefferson County
500 Market Street, Mezzanine Suite 4
Steubenville, Ohio 43952

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 type of the Jefferson County Soil and Water Conservation District, Jefferson County, (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 September 25, 2023, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2023

OHIO AUDITOR OF STATE KEITH FABER



JEFFERSON COUNTY SOIL AND WATER CONSERVATION DISTRICT

JEFFERSON 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 10/17/2023

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

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