



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

WAYNE COUNTY SOIL AND WATER CONSERVATION DISTRICT
WAYNE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Supervisors
Wayne County Soil and Water Conservation District
428 West Liberty Street
Wooster, Ohio 44691

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

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 30, 2023

Wayne County Soil and Water Conservation District
Wayne County
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INDEPENDENT AUDITOR'S REPORT

Wayne County Soil and Water Conservation District
Wayne County
428 West Liberty Street
Wooster, OH 44691

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2023 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, OH
June 1, 2023

Wayne County Soil and Water Conservation District
Wayne County, Ohio

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

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$ -	\$ 321,581	\$ 321,581
State Government	28,596	272,904	301,500
MS4 Assistance/Farmland Preservation	-	5,950	5,950
Sale of Products/Materials	10,291	1	10,292
Refunds/Reimbursements	88	441	529
All Other Revenue	5,546	-	5,546
<i>Total Cash Receipts</i>	<u>44,521</u>	<u>600,877</u>	<u>645,398</u>
Cash Disbursements			
Salaries	-	334,868	334,868
Supplies	1,060	3,569	4,629
Contract Services/Cost Share Payment	28,612	681	29,293
Service Fees/Fees	225	6,845	7,070
Information and Education	621	95	716
Travel and Expenses	2,116	-	2,116
OPERS	-	46,741	46,741
Worker's Compensation	-	439	439
Hospitalization	-	86,213	86,213
Medicare	-	4,550	4,550
Product/Materials for Resale	7,192	-	7,192
Annual Meeting/Banquet	2,664	-	2,664
Other	1,947	14,094	16,041
<i>Total Cash Disbursements</i>	<u>44,437</u>	<u>498,095</u>	<u>542,532</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>84</u>	<u>102,782</u>	<u>102,866</u>
<i>Net Change in Fund Cash Balances</i>	84	102,782	102,866
<i>Fund Cash Balances, January 1</i>	<u>465,552</u>	<u>379,084</u>	<u>844,636</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 465,636</u>	<u>\$ 481,866</u>	<u>\$ 947,502</u>

See accompanying notes to the financial statements.

Wayne County Soil and Water Conservation District

Wayne 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 Wayne County Soil and Water Conservation District, Wayne 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.

Basis of Accounting

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

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

Budgetary Process

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

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

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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 Wayne 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 Wayne County Treasurer.

Wayne County Treasurer, Melissa Koch
428 W. Liberty St.
Wooster, OH 44691
330-287-5450
Email: mkoch@wayne-ohio.org

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. 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.

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.

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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 8.

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$600,568	\$600,877	\$309

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$979,653	\$498,095	\$481,558

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

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2022

	<u>2022</u>
Demand deposits	\$6,752
Petty Cash & Stormwater Change	150
County Treasurer Deposits	<u>481,866</u>
Total deposits	<u>488,768</u>
STAR Ohio	66
Money Markets	458,668
Total investments	<u>458,734</u>
Total deposits and investments	<u><u>\$947,502</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Note 5 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Assets	\$21,777,439
Liabilities	<u>(\$15,037,383)</u>
Member's Equity	<u>\$6,740,056</u>

The information reported is as of December 31, 2021, which is the most recent information available at the time the footnotes were prepared. You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

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

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, 2022.

Note 7 – Postemployment Benefits

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

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

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 8 – 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. In the special and district funds, outstanding encumbrances are considered assigned.

Note 9 – 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 will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Wayne County Soil and Water Conservation District
Wayne County, Ohio

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

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$ -	\$ 321,581	\$ 321,581
State Government	26,900	257,924	284,824
MS4 Assistance/Farmland Preservation	-	6,200	6,200
Sale of Products/Materials	35,476	-	35,476
Rentals	2,785	-	2,785
Refunds/Reimbursements	1,063	81	1,144
All Other Revenue	3,920	-	3,920
<i>Total Cash Receipts</i>	<u>70,144</u>	<u>585,786</u>	<u>655,930</u>
Cash Disbursements			
Salaries	-	321,028	321,028
Supplies	1,086	2,668	3,754
Equipment	-	5,160	5,160
Contract Services/Cost Share Payment	26,933	784	27,717
Service Fees/Fees	96	6,679	6,775
Information and Education	1,779	-	1,779
Travel and Expenses	1,236	-	1,236
OPERS	-	44,729	44,729
Worker's Compensation	-	313	313
Hospitalization	-	75,998	75,998
Medicare	-	4,382	4,382
Product/Materials for Resale	11,186	-	11,186
Other	2,695	9,516	12,211
<i>Total Cash Disbursements</i>	<u>45,011</u>	<u>471,257</u>	<u>516,268</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>25,133</u>	<u>114,529</u>	<u>139,662</u>
<i>Net Change in Fund Cash Balances</i>	25,133	114,529	139,662
<i>Fund Cash Balances, January 1</i>	<u>440,419</u>	<u>264,555</u>	<u>704,974</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 465,552</u>	<u>\$ 379,084</u>	<u>\$ 844,636</u>

See accompanying notes to the financial statements.

Wayne County Soil and Water Conservation District

Wayne 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 Wayne County Soil and Water Conservation District, Wayne 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.

Basis of Accounting

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

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

Budgetary Process

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

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

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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 Wayne 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 Wayne County Treasurer.

Wayne County Treasurer, Melissa Koch
428 W. Liberty St.
Wooster, OH 44691
330-287-5450
Email: mkoch@wayne-ohio.org

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. 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.

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.

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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 8.

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$561,630	\$585,786	\$24,156

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$826,185	\$471,257	\$354,928

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

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2021

	<u>2021</u>
Demand deposits	\$4,612
Petty Cash & Stormwater Change	150
County Treasurer Deposits	<u>379,084</u>
Total deposits	<u>383,846</u>
STAR Ohio	64
Money Markets	460,726
Total investments	<u>460,790</u>
Total deposits and investments	<u><u>\$844,636</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Note 5 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Assets	\$21,777,439
Liabilities	<u>(\$15,037,383)</u>
Member's Equity	<u>\$6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation

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

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

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 – 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. In the special and district funds, outstanding encumbrances are considered assigned.

Wayne County Soil and Water Conservation District

Wayne County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 9 – COVID-19

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



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

Wayne County Soil and Water Conservation District
Wayne County
428 West Liberty Street
Wooster, OH 44691

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each fund as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Wayne County Soil and Water Conservation District, Wayne County, (the District) and have issued our report thereon dated June 1, 2023, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

BHM CPA Group, Inc.
Piketon, Ohio
June 1, 2023

OHIO AUDITOR OF STATE KEITH FABER



WAYNE COUNTY SOIL AND WATER CONSERVATION DISTRICT

WAYNE 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 7/13/2023

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