



OHIO AUDITOR OF STATE
KEITH FABER



**CLINTON COUNTY SOIL AND WATER CONSERVATION DISTRICT
CLINTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Clinton County Soil and Water Conservation District
Clinton County
111 S. Nelson Ave., Suite 5
Wilmington, Ohio 45177

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 Clinton County Soil and Water Conservation District, Clinton County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year 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 combined total as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Emphasis of Matter

As discussed in Note 10 to the financial statements, 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.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, 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
March 21, 2024

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

	District Fund	Special Fund	Other Funds	Combined Total
Cash Receipts				
Grants				
EPA Tire Recycle			\$9,444	\$9,444
Local Government		148,000		148,000
State Government	200	145,083		145,283
Sale of Products/Materials	260			260
All Other Revenue	51,278	619	7,763	59,660
<i>Total Cash Receipts</i>	<u>51,738</u>	<u>293,702</u>	<u>17,207</u>	<u>362,647</u>
Cash Disbursements				
Salaries		169,567		169,567
Supplies	1,104			1,104
Equipment	24,686			24,686
Rentals	50			50
Service Fees	2,105			2,105
Information and Education	675			675
Advertising and Printing	56			56
OPERS		23,487		23,487
Worker's Compensation		1,220		1,220
Hospitalization		35,373		35,373
Medicare		2,336		2,336
Vehicle Rental/Liability Insurance		936		936
Annual Meeting/Banquet	1,020			1,020
Other	12,826	2,647	11,049	26,522
<i>Total Cash Disbursements</i>	<u>42,522</u>	<u>235,566</u>	<u>11,049</u>	<u>289,137</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,216</u>	<u>58,136</u>	<u>6,158</u>	<u>73,510</u>
<i>Net Change in Fund Cash Balances</i>	9,216	58,136	6,158	73,510
<i>Fund Cash Balances, January 1</i>	<u>175,148</u>	<u>263,744</u>	<u>2,134</u>	<u>441,026</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$184,364</u></u>	<u><u>\$321,880</u></u>	<u><u>\$8,292</u></u>	<u><u>\$514,536</u></u>

See accompanying notes to the basic financial statements

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Clinton Soil and Water Conservation District

Clinton County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 1-Reporting Entity.

The constitution and laws of the State of Ohio establish the rights and privileges of the Clinton Soil and Water Conservation District, Clinton 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 receives local and state appropriations to provide services that address local resource concerns.

Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The District participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization. Note 5 to the financial statements provide additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Funds: The Tire Recycling Account began with Grant Funds from the Ohio EPA and public funds from individuals who participate in the tire recycling events. Residual funds will be used specifically under the guidelines of the grant. The Farmland Preservation Account began with funds from individuals for legal expenses incurred with future farmland preservation costs.

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.

Clinton Soil and Water Conservation District

Clinton County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

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, 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 Clinton 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 Clinton County Treasurer, Kyle Rudduck, 1850 Davids Dr. #203, Wilmington, Ohio 45177. Telephone number 937-382-2224.

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:

Clinton Soil and Water Conservation District

Clinton County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

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.

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	\$278,000	\$293,702	\$15,702

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$310,484	\$235,566	\$74,918

Clinton Soil and Water Conservation District

Clinton County, Ohio

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 Clinton 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	\$138,678
Certificates of deposit	0
Other time deposits (savings and NOW accounts)	53,978
County Treasurer Deposits	<u>321,880</u>
Total deposits	<u>514,536</u>
Total investments	<u>0</u>
Total deposits and investments	<u><u>\$514,536</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 2022, \$0 of deposits were not insured or collateralized, contrary to Ohio Law.

Note 5 - Risk Management

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.

Risk Pool Membership

The District is a member of the CORSA (the Pool). The Pool assumes the risk of loss up to the limit of the Clinton Soil and Water Conservation District's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Pool reported the following summary of actuarially measured liabilities and the assets available to pay those liabilities as of December 31:

Cash and investments Actuarial liabilities

	<u>2022</u>
	\$137,285,899
	\$53,364,339

Clinton Soil and Water Conservation District

Clinton County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

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% of their gross salaries, and the District contributed an amount equaling 14 % 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.

Note 8 - Public Entity Risk Pool

CORSA is a member owned property and liability risk sharing pool sponsored by the County Commissioners Association of Ohio (CCAO). It was incorporated in 1987 as a not-for-profit corporation. CORSA is governed by nine (9) Directors who are County Commissioners from member counties. The Directors are elected by CORSA members and are eligible to service three (3), two (2) year terms. CORSA operates under the authority granted by the Ohio Revised Code, Section 2744.081. The Contract between Clinton County and CORSA is kept on file.

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 District did not have any outstanding encumbrances.

Clinton Soil and Water Conservation District

Clinton County, Ohio

Notes to the Financial Statements

For the Year Ended December 31, 2022

The fund balance of the other funds is either restricted or committed. These restricted, committed, and assigned amounts in the other funds would include the outstanding encumbrances. In the special and district funds, 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 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.

Clinton County Soil and Water Conservation District

Clinton 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		\$ 145,000		\$ 145,000
State Government		143,854		143,854
Sale of Products/Materials	2,795			2,795
All Other Revenue	32,214	2,969	1,293	36,476
<i>Total Cash Receipts</i>	<u>35,009</u>	<u>291,823</u>	<u>1,293</u>	<u>328,125</u>
Cash Disbursements				
Salaries		175,788		175,788
Supplies	1,041			1,041
Equipment	3,007			3,007
Rentals	50			50
Service Fees	2,094			2,094
Information and Education	250			250
Travel and Expenses	1,071			1,071
Advertising and Printing	1,000			1,000
OPERS		24,080		24,080
Worker's Compensation		1,182		1,182
Hospitalization		36,061		36,061
Medicare		2,431		2,431
Reimbursement - State Refunds		1,531		1,531
Vehicle Rental/Liability Insurance	1,068			1,068
Annual Meeting/Banquet	1,148			1,148
Other	15,003	2,061		17,064
<i>Total Cash Disbursements</i>	<u>25,732</u>	<u>243,134</u>		<u>268,866</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,277</u>	<u>48,689</u>	<u>1,293</u>	<u>59,259</u>
<i>Net Change in Fund Cash Balances</i>	9,277	48,689	1,293	59,259
<i>Fund Cash Balances, January 1</i>	<u>165,871</u>	<u>215,055</u>	<u>841</u>	<u>381,767</u>
<i>Fund Cash Balances, December 31</i>	<u><u>175,148</u></u>	<u><u>263,744</u></u>	<u><u>2,134</u></u>	<u><u>441,026</u></u>

See accompanying notes to the basic financial statements

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Clinton Soil and Water Conservation District

Clinton 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 Clinton Soil and Water Conservation District, Clinton 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 through education, technical assistance and leadership. The District receives local and state appropriations to provide services that address local resource concerns.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The District participates in jointly governed organizations, joint ventures and a public entity risk pool and is associated with a related organization. Note 5 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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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: The Tire Recycling Account began with Grant Funds from the Ohio EPA and public funds from individuals who participate in the tire recycling events. Residual funds will be used specifically under the guidelines of the grant.

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

Clinton Soil and Water Conservation District

Clinton County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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 level of control and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Clinton 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 Clinton County Treasurer, Kyle Rudduck, 1850 Davids Dr. #203, Wilmington, Ohio 45177, telephone number 937-382-2224.

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.

Clinton Soil and Water Conservation District

Clinton 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.

Clinton Soil and Water Conservation District

Clinton 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	\$290,235	\$291,823	\$1,588

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$306,774	\$243,134	\$63,640

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

	2021
Demand deposits	\$129,440
Certificates of deposit	47,842
Other time deposits (savings and NOW accounts)	0
County Treasurer Deposits	263,744
Total deposits	441,026
Total investments	0
Total deposits and investments	\$441,026

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 2021, \$0 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – Risk Management

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.

Clinton Soil and Water Conservation District

Clinton County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Risk Pool Membership

The District is a member of the CORSA (the Pool). The Pool assumes the risk of loss up to the limits of the Clinton Soil & Water Conservation District’s policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability; and
- Vehicle.

The Pool reported the following summary of actuarially measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$151,054,939
Actuarial liabilities	\$50,499,878

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.

Clinton Soil and Water Conservation District

Clinton County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 8 – Public Entity Risk Pool

CORSA is a member owned property and liability risk sharing pool sponsored by the County Commissioners Association of Ohio (CCAO). It was incorporated in 1987 as a not-for-profit corporation. CORSA is governed by nine (9) Directors who are County Commissioners from member counties. The Directors are elected by CORSA members and are eligible to serve (3), two (2) year terms CORSA operates under the authority granted by the Ohio Revised Code, section 2744.081. The contract between Clinton County and CORSA is kept on file.

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 District did not have any outstanding encumbrances.

The fund balance of the other funds is either restricted or committed. These restricted, committed, and assigned amounts in the other funds would include the outstanding encumbrances. In the special and district funds, 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 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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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

Clinton County Soil and Water Conservation District
Clinton County
111 South Nelson Ave, Suite 5
Wilmington, Ohio 45177

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 governmental fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Clinton County Soil and Water Conservation District, Clinton County, (the District) and have issued our report thereon dated March 21, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
March 21, 2024

**CLINTON COUNTY SOIL AND WATER CONSERVATION DISTRICT
CLINTON COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness

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.

We found the following errors with financial reporting:

2022					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
District	Other Disbursements	\$2,105	District	Service Fees	\$2,105
The District incorrectly recorded District Service Fees as Other Disbursements.					

2021					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
District	Other Disbursements	\$2,094	District	Service Fees	\$2,094
The District incorrectly recorded District Service Fees as Other Disbursements.					
District	Other Disbursements	\$3,007	District	Equipment	\$3,007
The District incorrectly recorded District Equipment purchases to Other Disbursements.					

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District’s internal controls over financial statement monitoring. Failure to accurately post and report transactions could result in material errors in the District’s financial statements and reduces the District’s ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes.

The District also made errors in financial reporting in the Statement of Receipts, Disbursements, and Changes in Fund Balances in amounts ranging from \$4 to \$2,969, in 2022 and 2021, that we have brought to the District’s attention.

To help ensure the District’s financial statements are complete and accurate, the District should adopt policies and procedures over financial reporting and implement internal control procedures to identify and correct errors and omissions in the recording of financial transactions.

**FINDING NUMBER 2022-001
(Continued)**

Officials' Response:

We are aware of the corrections, and we will make sure to address these in our work moving forward.

OHIO AUDITOR OF STATE KEITH FABER



CLINTON COUNTY SOIL AND WATER CONSERVATION DISTRICT

CLINTON 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 4/9/2024

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

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