



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Paulding County Soil and Water Conservation District
Paulding County
900 Fairground Drive, Suite B
Paulding, Ohio 45879-9261

To the Board of Supervisors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund and related notes of the Paulding County Soil and Water Conservation District, Paulding County, Ohio (the District) as of and for the years ended December 31, 2016, 2015, 2014, 2013, and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions the Ohio Department of Agriculture permits; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of 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 requirements.

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

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Agriculture permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2016, 2015, 2014, 2013, and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund of the Paulding County Soil and Water Conservation District, Paulding County, Ohio as of and for the years ended December 31, 2016, 2015, 2014, 2013, and 2012 in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 30, 2018

Paulding County Soil and Water Conservation District

Paulding County, Ohio

Statement of Receipts, Disbursements and Changes

in Fund Balances (Regulatory Cash Basis)

For the Year Ended December 31, 2016

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government		\$50,000	\$50,000
State Government	\$402,157	114,353	516,510
Gifts and Contributions	6,145		6,145
Sale of Products/Materials	9,011		9,011
Rentals	11,284		11,284
All Other Revenue	25,300	59,974	85,274
<i>Total Cash Receipts</i>	<u>453,897</u>	<u>224,327</u>	<u>678,224</u>
Cash Disbursements			
Salaries		130,360	130,360
Supplies	4,386	961	5,347
Equipment	24,831	7,541	32,372
Contract Services/Cost Share Payment	216,438		216,438
Rentals	5,199	656	5,855
Service Fees	16,423	11,724	28,147
Information and Education	6,898		6,898
Travel and Expenses	5,585	1,529	7,114
OPERS		18,771	18,771
Worker's Compensation		1,646	1,646
Medicare		1,890	1,890
Product/Materials for Resale	4,466		4,466
Other	11,642	3,444	15,086
<i>Total Cash Disbursements</i>	<u>295,868</u>	<u>178,522</u>	<u>474,390</u>
<i>Excess of Receipts Over Disbursements</i>	<u>158,029</u>	<u>45,805</u>	<u>203,834</u>
Other Financing Receipts			
Sale of Capital Assets	9,299		9,299
<i>Net Change in Fund Cash Balances</i>	<u>167,328</u>	<u>45,805</u>	<u>213,133</u>
<i>Fund Cash Balances, January 1</i>	<u>146,277</u>	<u>94,377</u>	<u>240,654</u>
Fund Cash Balances, December 31			
Restricted	281,033	19,588	300,621
Assigned		15,975	15,975
Unassigned	32,572	104,619	137,191
<i>Fund Cash Balances, December 31</i>	<u>\$313,605</u>	<u>\$140,182</u>	<u>\$453,787</u>

The notes to the financial statements are an integral part of this statement.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2016

Note 1 – Reporting Entity

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

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 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 or local 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.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2016

(Continued)

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 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Paulding County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment holds the District's Special Fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Paulding County Treasurer at 115 North Williams Street, Paulding, Ohio 45879, or by calling 419-399-8280.

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

For the District Fund, the District records STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2016

(Continued)

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the Special and District Funds report all fund balances as *assigned* unless they are restricted or committed. In the Special and District Funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Special	\$150,000	\$224,327	\$74,327

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Special	\$239,902	\$178,522	\$61,380

Note 4 – Deposits and Investments

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

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2016

(Continued)

	2016
Demand deposits	<u>\$268,392</u>
County Treasurer Deposits	<u>140,182</u>
Total deposits	<u>408,574</u>
STAR Ohio	<u>45,213</u>
Total deposits and investments	<u><u>\$453,787</u></u>

Deposits

As of December 31 2016, deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

As of December 20, 2017, the financial institution has transitioned and began participating in the Ohio Pooled Collateral System (OPCS) implemented by the Office of the Ohio Treasurer of State. As of December 31, 2016, the financial institution still maintained its own collateral.

Investments

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

Note 5 – Risk Management

The District provides health care coverage for full-time employees through a private insurance company.

Workers' Compensation

The District's employees are insured against injuries through the Ohio Bureau of Workers' Compensation through Paulding County.

In 2016, the County participated in the County Commissioners Association of Ohio Service Cooperation, a workers' compensation group rating plan (the Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieve

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2016

(Continued)

of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Commercial Insurance

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Paulding County Commissioners, on behalf of County departments including the District, contracted with County Risk Sharing Authority (CORSA), a risk sharing pool, for liability, property, and crime insurance. CORSA, a non-profit organization is sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property and casualty and crime insurance coverage for its members. CORSA provided coverage as follows:

<u>Type of Coverage</u>	<u>Amount</u>
<u>Property:</u>	
Building and Contents	Replacement Cost
Valuable Papers	\$2,500,000 Each Occurrence
Extra Expense/Business Income	\$1,000,000 Each Occurrence
Electronic Data Processing Equipment	\$250,000 Each Occurrence
Contractors Equipment	Replacement Cost
Flood and Earthquake	\$100,000,000 Annual Aggregate
Auto Physical Damage	Actual Cash Value or Cost of Repair
Sewer Lines	\$3,845,000
Electronic Data Media	\$100,000 Each Occurrence
Automatic Acquisition	\$5,000,000
Boiler and Machinery	\$100,000,000 Each Accident
Property in Transit	\$100,000 Each Occurrence
Unintentional Omissions	\$250,000 Each Occurrence
Pollutant Cleanup/Removal	\$10,000 Coverage Period
Law Enforcement Canines	\$35,000 Each Occurrence

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2016

(Continued)

Liability

Automobile Liability	\$1,000,000 Each Occurrence
Uninsured/Underinsured Motorists	\$250,000 Each Occurrence
General Liability	\$1,000,000 Each Occurrence
Excess Liability	\$5,000,000 Each Occurrence
Law Enforcement Liability	\$1,000,000 Each Occurrence
Errors and Omissions Liability	\$1,000,000 Annual Aggregate
Attorney Disciplinary Proceedings	\$25,000 Annual Aggregate
Cyber Liability and Expense	\$1,000,000 Annual Aggregate

Crime:

Employee Dishonesty/Faithful Performance	\$1,000,000 Each Occurrence
Loss Inside the Premises (money and securities)	\$1,000,000 Each Occurrence
Loss Outside the Premises (money and securities)	\$1,000,000 Each Occurrence
Money Orders and Counterfeit Paper Currency	\$1,000,000 Each Occurrence
Depositors Forgery	\$1,000,000 Each Occurrence
Fund Transfer Fraud	\$500,000 Each Occurrence
Computer Fraud	\$500,000 Each Occurrence
Individual Public Official Bond Excess	\$250,000 Each Occurrence

There has been no significant reduction in insurance coverage from 2015, and settled claims have not exceeded this coverage in the past three years.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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, 2016.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2016.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2016

(Continued)

Note 8 – Compliance

Contrary to Ohio law, the District did not maintain the proper accounting system in 2016.

Note 9 – All Other Revenue

In 2016, the “all other revenue” line item on the financial statements for the District Fund primarily consisted of reimbursements and insurance recovery proceeds while the “all other revenue line item for the Special Fund comprised various reimbursements, including reimbursements from the County’s Ditch Maintenance Fund.

Paulding County Soil and Water Conservation District

Paulding County, Ohio

Statement of Receipts, Disbursements and Changes

in Fund Balances (Regulatory Cash Basis)

For the Year Ended December 31, 2015

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government		\$51,050	\$51,050
State Government	\$196,353	54,547	250,900
Gifts and Contributions	3,704		3,704
Sale of Products/Materials	7,518		7,518
Rentals	9,623		9,623
All Other Revenue	34,115	81,220	115,335
<i>Total Cash Receipts</i>	<u>251,313</u>	<u>186,817</u>	<u>438,130</u>
Cash Disbursements			
Salaries		162,705	162,705
Supplies	22,569		22,569
Equipment	9,624		9,624
Contract Services/Cost Share Payment	72,687		72,687
Rentals	37,592		37,592
Service Fees	17,210		17,210
Information and Education	5,610		5,610
Travel and Expenses	4,533		4,533
OPERS		22,585	22,585
Worker's Compensation		1,622	1,622
Medicare		2,359	2,359
Product/Materials for Resale	3,078		3,078
Other	15,000		15,000
<i>Total Cash Disbursements</i>	<u>187,903</u>	<u>189,271</u>	<u>377,174</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>63,410</u>	<u>(2,454)</u>	<u>60,956</u>
Other Financing Receipts			
Sale of Capital Assets	7,019		7,019
<i>Net Change in Fund Cash Balances</i>	70,429	(2,454)	67,975
<i>Fund Cash Balances, January 1</i>	<u>75,848</u>	<u>96,831</u>	<u>172,679</u>
Fund Cash Balances, December 31			
Restricted	120,149		120,149
Assigned		89,902	89,902
Unassigned	26,128	4,475	30,603
<i>Fund Cash Balances, December 31</i>	<u>\$146,277</u>	<u>\$94,377</u>	<u>\$240,654</u>

The notes to the financial statements are an integral part of this statement.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2015

Note 1 – Reporting Entity

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Note 2 – Summary of Significant Accounting Policies

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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.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2015

(Continued)

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 2015 budgetary activity appears in Note 3.

Deposits and Investments

The Paulding County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment holds the District's Special Fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Paulding County Treasurer at 115 North Williams Street, Paulding, Ohio 45879, or by calling 419-399-8280.

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

For the District Fund, the District records STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. .

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2015

(Continued)

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the Special and District Funds report all fund balances as *assigned* unless they are restricted or committed. In the Special and District Funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
Special	\$151,765	\$186,817	\$35,052

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Special	\$189,805	\$189,271	\$534

Note 4 – Deposits and Investments

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

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2015

(Continued)

	2015
Demand deposits	<u>\$101,305</u>
County Treasurer Deposits	<u>94,377</u>
Total deposits	195,682
STAR Ohio	<u>44,972</u>
Total deposits and investments	<u><u>\$240,654</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments

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

Note 5 – Risk Management

The District provides health care coverage for full-time employees through a private insurance company.

Workers' Compensation

The District's employees are insured against injuries through the Ohio Bureau of Workers' Compensation through Paulding County.

In 2015, the County participated in the County Commissioners Association of Ohio Service Cooperation, a workers' compensation group rating plan (the Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2015

(Continued)

Commercial Insurance

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Paulding County Commissioners, on behalf of County departments including the District, contracted with County Risk Sharing Authority (CORSA), a risk sharing pool, for liability, property, and crime insurance. CORSA, a non-profit organization is sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property and casualty and crime insurance coverage for its members. CORSA provided coverage as follows:

<u>Type of Coverage</u>	<u>Amount</u>
<u>Property:</u>	
Building and Contents	Replacement Cost
Valuable Papers	\$2,500,000 Each Occurrence
Extra Expense/Business Income	\$1,000,000 Each Occurrence
Electronic Data Processing Equipment	\$250,000 Each Occurrence
Contractors Equipment	Replacement Cost
Flood and Earthquake	\$100,000,000 Annual Aggregate
Auto Physical Damage	Actual Cash Value or Cost of Repair
Sewer Lines	\$3,845,000
Electronic Data Media	\$100,000 Each Occurrence
Automatic Acquisition	\$5,000,000
Boiler and Machinery	\$100,000,000 Each Accident
Property in Transit	\$100,000 Each Occurrence
Unintentional Omissions	\$250,000 Each Occurrence
Pollutant Cleanup/Removal	\$10,000 Coverage Period
Law Enforcement Canines	\$35,000 Each Occurrence

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2015

(Continued)

Liability

Automobile Liability	\$1,000,000 Each Occurrence
Uninsured/Underinsured Motorists	\$250,000 Each Occurrence
General Liability	\$1,000,000 Each Occurrence
Excess Liability	\$5,000,000 Each Occurrence
Law Enforcement Liability	\$1,000,000 Each Occurrence
Errors and Omissions Liability	\$1,000,000 Annual Aggregate
Attorney Disciplinary Proceedings	\$25,000 Annual Aggregate
Cyber Liability and Expense	\$1,000,000 Annual Aggregate

Crime:

Employee Dishonesty/Faithful Performance	\$1,000,000 Each Occurrence
Loss Inside the Premises (money and securities)	\$1,000,000 Each Occurrence
Loss Outside the Premises (money and securities)	\$1,000,000 Each Occurrence
Money Orders and Counterfeit Paper Currency	\$1,000,000 Each Occurrence
Depositors Forgery	\$1,000,000 Each Occurrence
Fund Transfer Fraud	\$500,000 Each Occurrence
Computer Fraud	\$500,000 Each Occurrence
Individual Public Official Bond Excess	\$250,000 Each Occurrence

There has been no significant reduction in insurance coverage from 2014, and settled claims have not exceeded this coverage in the past three years.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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, 2015.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2015.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2015

(Continued)

Note 8 – All Other Revenue

In 2015, the “all other revenue” line item on the financial statements for the District Fund primarily consisted of various reimbursements, including ditch reimbursements, CREP technical assistance funds (from property owners), and other miscellaneous reimbursements. The “all other revenue line item for the Special Fund comprised various reimbursements, including reimbursements from the County’s Ditch Maintenance Fund and other miscellaneous reimbursements.

Paulding County Soil and Water Conservation District

Paulding County, Ohio

Statement of Receipts, Disbursements and Changes

in Fund Balances (Regulatory Cash Basis)

For the Year Ended December 31, 2014

	District Fund	Special Fund	CREP Fund	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government		\$35,000		\$35,000
State Government	\$9,461	41,434		50,895
Gifts and Contributions	3,801			3,801
Sale of Products/Materials	8,345			8,345
Rentals	11,190			11,190
All Other Revenue	287	97,017	\$14	97,318
<i>Total Cash Receipts</i>	<u>33,084</u>	<u>173,451</u>	<u>14</u>	<u>206,549</u>
Cash Disbursements				
Salaries		154,013		154,013
Supplies	5,855			5,855
Equipment	3,363			3,363
Rentals	13,445			13,445
Service Fees	27,950			27,950
Information and Education	4,278			4,278
Travel and Expenses	2,634			2,634
OPERS		21,356		21,356
Worker's Compensation		1,410		1,410
Medicare		2,233		2,233
Product/Materials for Resale	4,052			4,052
Other	5,203		102,295	107,498
<i>Total Cash Disbursements</i>	<u>66,780</u>	<u>179,012</u>	<u>102,295</u>	<u>348,087</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(33,696)</u>	<u>(5,561)</u>	<u>(102,281)</u>	<u>(141,538)</u>
Other Financing Receipts				
Sale of Capital Assets	16,170			16,170
<i>Net Change in Fund Cash Balances</i>	<u>(17,526)</u>	<u>(5,561)</u>	<u>(102,281)</u>	<u>(125,368)</u>
<i>Fund Cash Balances, January 1</i>	<u>93,374</u>	<u>102,392</u>	<u>\$102,281</u>	<u>298,047</u>
Fund Cash Balances, December 31				
Assigned		38,040		38,040
Unassigned	75,848	58,791		134,639
<i>Fund Cash Balances, December 31</i>	<u>\$75,848</u>	<u>\$96,831</u>		<u>\$172,679</u>

The notes to the financial statements are an integral part of this statement.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2014

Note 1 – Reporting Entity

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

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 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 or local 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.

CREP Fund The CREP Fund accounts for a grant from the State of Ohio for the Lake Erie Conservation Reserve Enhancement Program (CREP) to help promote a variety of conservation practices, including helping agricultural producers protect environmentally sensitive land, prevent erosion, create wildlife habitat, and safeguard ground and surface water.

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.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2014

(Continued)

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

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

A summary of 2014 budgetary activity appears in Note 3.

Deposits and Investments

The Paulding County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment holds the District's Special Fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Paulding County Treasurer at 115 North Williams Street, Paulding, Ohio 45879, or by calling 419-399-8280.

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

For the District Fund, the District records STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2014

(Continued)

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the Special and District Funds report all fund balances as *assigned* unless they are restricted or committed. In the Special and District Funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2014 follows:

2014 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$115,000	\$173,451	\$58,451

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$179,746	\$179,012	\$734

Note 4 – Deposits and Investments

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

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2014

(Continued)

	<u>2014</u>
Demand deposits	\$10,925
County Treasurer Deposits	96,831
Total deposits	<u>107,756</u>
STAR Ohio	64,923
Total deposits and investments	<u><u>\$172,679</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments

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

Note 5 – Risk Management

The District provides health care coverage for full-time employees through a private insurance company.

Workers' Compensation

The District's employees are insured against injuries through the Ohio Bureau of Workers' Compensation through Paulding County.

In 2014, the County participated in the County Commissioners Association of Ohio Service Cooperation, a workers' compensation group rating plan (the Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2014

(Continued)

Commercial Insurance

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Paulding County Commissioners, on behalf of County departments including the District, contracted with County Risk Sharing Authority (CORSA), a risk sharing pool, for liability, property, and crime insurance. CORSA, a non-profit organization is sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property and casualty and crime insurance coverage for its members. CORSA provided coverage as follows:

Type of Coverage	Amount
<i>Property:</i>	
Building and Contents	Replacement Cost
Valuable Papers	\$1,000,000 Each Occurrence
Extra Expense/Business Income	\$1,000,000 Each Occurrence
Electronic Data Processing Equipment	\$250,000 Each Occurrence
Contractors Equipment	Replacement Cost
Flood and Earthquake	\$100,000,000 Annual Aggregate
Auto Physical Damage	Actual Cash Value or Cost of Repair
Sewer Lines	\$3,845,000
Electronic Data Media	\$100,000 Each Occurrence
Automatic Acquisition	\$5,000,000
Boiler and Machinery	\$100,000,000 Each Accident
Property in Transit	\$100,000 Each Occurrence
Unintentional Omissions	\$250,000 Each Occurrence
Pollutant Cleanup/Removal	\$10,000 Coverage Period

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2014

(Continued)

Liability

Automobile Liability	\$1,000,000 Each Occurrence
Uninsured/Underinsured Motorists	\$250,000 Each Occurrence
General Liability	\$1,000,000 Each Occurrence
Excess Liability	\$5,000,000 Each Occurrence
Law Enforcement Liability	\$1,000,000 Each Occurrence
Errors and Omissions Liability	\$1,000,000 Annual Aggregate
Attorney Disciplinary Proceedings	\$25,000 Annual Aggregate
Cyber Liability and Expense	\$1,000,000 Annual Aggregate

Crime:

Employee Dishonesty/Faithful Performance	\$1,000,000 Each Occurrence
Loss Inside the Premises (money and securities)	\$1,000,000 Each Occurrence
Loss Outside the Premises (money and securities)	\$1,000,000 Each Occurrence
Money Orders and Counterfeit Paper Currency	\$1,000,000 Each Occurrence
Depositors Forgery	\$1,000,000 Each Occurrence
Fund Transfer Fraud	\$500,000 Each Occurrence
Computer Fraud	\$500,000 Each Occurrence
Individual Public Official Bond Excess	\$250,000 Each Occurrence

There has been no significant reduction in insurance coverage from 2013, and settled claims have not exceeded this coverage in the past three years.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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, 2014.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2014.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2014

(Continued)

Note 8 – All Other Revenue

In 2014, the “all other revenue” line item on the financial statements for the Special Fund consisted of reimbursements from the County’s Ditch Maintenance Fund.

Paulding County Soil and Water Conservation District

Paulding County, Ohio

Statement of Receipts, Disbursements and Changes

in Fund Balances (Regulatory Cash Basis)

For the Year Ended December 31, 2013

	District Fund	Special Fund	CREP Fund	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government		\$35,000		\$35,000
State Government		37,895		37,895
Gifts and Contributions	\$9,021			9,021
Sale of Products/Materials	5,722			5,722
Rentals	15,739			15,739
All Other Revenue	118	88,557	\$40	88,715
<i>Total Cash Receipts</i>	<u>30,600</u>	<u>161,452</u>	<u>40</u>	<u>192,092</u>
Cash Disbursements				
Salaries		145,447		145,447
Supplies	2,028			2,028
Equipment	2,392			2,392
Contract Services/Cost Share Payment	734			734
Rentals	35,886			35,886
Service Fees	16,358			16,358
Information and Education	2,363			2,363
Travel and Expenses	2,701			2,701
OPERS		18,614		18,614
Worker's Compensation		1,386		1,386
Medicare		2,109		2,109
Product/Materials for Resale	3,171			3,171
Other	3,808			3,808
<i>Total Cash Disbursements</i>	<u>69,441</u>	<u>167,556</u>		<u>236,997</u>
<i>Net Change in Fund Cash Balances</i>	(38,841)	(6,104)	40	(44,905)
<i>Fund Cash Balances, January 1</i>	<u>132,215</u>	<u>108,496</u>	<u>102,241</u>	<u>342,952</u>
Fund Cash Balances, December 31				
Restricted			102,281	102,281
Assigned		64,746		64,746
Unassigned	93,374	37,646		131,020
<i>Fund Cash Balances, December 31</i>	<u>\$93,374</u>	<u>\$102,392</u>	<u>\$102,281</u>	<u>\$298,047</u>

The notes to the financial statements are an integral part of this statement.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2013

Note 1 – Reporting Entity

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

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 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 or local 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.

CREP Fund The CREP Fund accounts for a grant from the State of Ohio for the Lake Erie Conservation Reserve Enhancement Program (CREP) to help promote a variety of conservation practices, including helping agricultural producers protect environmentally sensitive land, prevent erosion, create wildlife habitat, and safeguard ground and surface water.

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.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2013

(Continued)

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

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

A summary of 2013 budgetary activity appears in Note 3.

Deposits and Investments

The Paulding County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment holds the District's Special Fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Paulding County Treasurer at 115 North Williams Street, Paulding, Ohio 45879, or by calling 419-399-8280.

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

For the District Fund, the District records STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2013

(Continued)

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the Special and District Funds report all fund balances as *assigned* unless they are restricted or committed. In the Special and District Funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$107,779	\$161,452	\$53,673

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$146,875	\$167,556	(\$20,681)

Note 4 – Deposits and Investments

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

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2013

(Continued)

	2013
Demand deposits	\$29,894
County Treasurer Deposits	102,392
Total deposits	132,286
STAR Ohio	165,761
Total deposits and investments	\$298,047

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments

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

Note 5 – Risk Management

The District provides health care coverage for full-time employees through a private insurance company.

Workers' Compensation

The District's employees are insured against injuries through the Ohio Bureau of Workers' Compensation through Paulding County.

In 2013, the County participated in the County Commissioners Association of Ohio Service Cooperation, a workers' compensation group rating plan (the Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2013

(Continued)

Commercial Insurance

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Paulding County Commissioners, on behalf of County departments including the District, contracted with County Risk Sharing Authority (CORSA), a risk sharing pool, for liability, property, and crime insurance. CORSA, a non-profit organization is sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property and casualty and crime insurance coverage for its members. CORSA provided coverage as follows:

<u>Type of Coverage</u>	<u>Amount</u>
<u>Property:</u>	
Building and Contents	Replacement Cost
Valuable Papers	\$1,000,000
Extra Expense/Business Income	\$1,000,000 Each Occurrence
Electronic Data Processing Equipment	\$100,000,000 Each Accident
Contractors Equipment	Replacement Cost
Flood and Earthquake	\$100,000,000 Annual Aggregate
Auto Physical Damage	Actual Cash Value or Cost of Repair
Sewer Lines	\$3,845,000
Electronic Data Media	\$100,000 Each Occurrence
Automatic Acquisition	\$5,000,000
Boiler and Machinery	\$100,000,000 Each Accident
Property in Transit	\$100,000 Each Occurrence
Unintentional Omissions	\$250,000 Each Occurrence

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2013

(Continued)

Liability

Automobile Liability	\$1,000,000 Each Occurrence
Uninsured/Underinsured Motorists	\$250,000 Each Occurrence
General Liability	\$1,000,000 Each Occurrence
Excess Liability	\$5,000,000 Each Occurrence
Law Enforcement Liability	\$1,000,000 Each Occurrence
Errors and Omissions Liability	\$1,000,000 Annual Aggregate
Attorney Disciplinary Proceedings	\$25,000 Annual Aggregate

Crime:

Employee Dishonesty/Faithful Performance	\$1,000,000 Each Occurrence
Loss Inside the Premises (money and securities)	\$1,000,000 Each Occurrence
Loss Outside the Premises (money and securities)	\$1,000,000 Each Occurrence
Money Orders and Counterfeit Paper Currency	\$1,000,000 Each Occurrence
Depositors Forgery	\$1,000,000 Each Occurrence
Fund Transfer Fraud	\$500,000 Each Occurrence
Computer Fraud	\$500,000 Each Occurrence
Individual Public Official Bond Excess	\$250,000 Each Occurrence

There has been no significant reduction in insurance coverage from 2012, and settled claims have not exceeded this coverage in the past three years.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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, 2013.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2013.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2013

(Continued)

Note 8 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Special Fund by \$20,681 for the year ended December 31, 2013.

Note 9 – All Other Revenue

In 2013, the “all other revenue” line item on the financial statements for the Special Fund consisted of reimbursements from the County’s Ditch Maintenance Fund while the “all other revenue line item for the CREP Fund comprised interest income.

Paulding County Soil and Water Conservation District

Paulding County, Ohio

*Statement of Receipts, Disbursements and Changes
in Fund Balances (Regulatory Cash Basis)*

For the Year Ended December 31, 2012

	District Fund	Special Fund	CREP Fund	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government		\$15,000		\$15,000
State Government	\$12,500	38,564		51,064
Gifts and Contributions	1,889			1,889
Sale of Products/Materials	9,309			9,309
Rentals	9,071			9,071
All Other Revenue	117	87,175	\$76	87,368
<i>Total Cash Receipts</i>	<u>32,886</u>	<u>140,739</u>	<u>76</u>	<u>173,701</u>
Cash Disbursements				
Salaries		120,466		120,466
Supplies	1,430			1,430
Contract Services/Cost Share Payment	450		1,620	2,070
Rentals	10,499			10,499
Service Fees	6,686		23	6,709
Information and Education	3,213			3,213
Travel and Expenses	1,315			1,315
OPERS		16,829		16,829
Worker's Compensation		1,451		1,451
Medicare		1,746		1,746
Product/Materials for Resale	5,658			5,658
Other	1,616			1,616
<i>Total Cash Disbursements</i>	<u>30,867</u>	<u>140,492</u>	<u>1,643</u>	<u>173,002</u>
<i>Net Change in Fund Cash Balances</i>	2,019	247	(1,567)	699
<i>Fund Cash Balances, January 1</i>	<u>130,196</u>	<u>108,249</u>	<u>103,808</u>	<u>342,253</u>
Fund Cash Balances, December 31				
Restricted			102,241	102,241
Assigned		39,096		39,096
Unassigned	132,215	69,400		201,615
<i>Fund Cash Balances, December 31</i>	<u>\$132,215</u>	<u>\$108,496</u>	<u>\$102,241</u>	<u>\$342,952</u>

The notes to the financial statements are an integral part of this statement.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2012

Note 1 – Reporting Entity

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

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 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 or local 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.

CREP Fund The CREP Fund accounts for a grant from the State of Ohio for the Lake Erie Conservation Reserve Enhancement Program (CREP) to help promote a variety of conservation practices, including helping agricultural producers protect environmentally sensitive land, prevent erosion, create wildlife habitat, and safeguard ground and surface water.

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.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2012

(Continued)

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

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

A summary of 2012 budgetary activity appears in Note 3.

Deposits and Investments

The Paulding County Treasurer is the custodian for the District's Special Fund's cash and investments. The County's cash and investment holds the District's Special Fund's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Paulding County Treasurer at 115 North Williams Street, Paulding, Ohio 45879, or by calling 419-399-8280.

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

For the District Fund, the District records STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2012

(Continued)

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the Special and District Funds report all fund balances as *assigned* unless they are restricted or committed. In the Special and District Funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2012 follows:

2012 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$132,000	\$140,739	\$8,739

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$154,675	\$140,492	\$14,183

Note 4 – Deposits and Investments

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

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2012

(Continued)

	2012
Demand deposits	\$68,760
County Treasurer Deposits	108,495
Total deposits	177,255
STAR Ohio	165,697
Total deposits and investments	\$342,952

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments

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

Note 5 – Risk Management

The District provides health care coverage for full-time employees through Paulding County's self-insurance fund.

Workers' Compensation

The District's employees are insured against injuries through the Ohio Bureau of Workers' Compensation through Paulding County.

In 2012, the County participated in the County Commissioners Association of Ohio Service Cooperation, a workers' compensation group rating plan (the Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2012

(Continued)

Commercial Insurance

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Paulding County Commissioners, on behalf of County departments including the District, contracted with County Risk Sharing Authority (CORSA), a risk sharing pool, for liability, property, and crime insurance. CORSA, a non-profit organization is sponsored by the County Commissioners Association of Ohio, was created to provide affordable liability, property and casualty and crime insurance coverage for its members. CORSA provided coverage as follows:

Type of Coverage	Amount
<u>Property:</u>	
Building and Contents	Replacement Cost
Valuable Papers	\$1,000,000
Extra Expense/Business Income	\$1,000,000 Each Occurrence
Electronic Data Processing Equipment	Replacement Cost
Contractors Equipment	Replacement Cost
Flood and Earthquake	\$100,000,000 Annual Aggregate
Auto Physical Damage	Actual Cash Value or Cost of Repair
Sewer Lines	\$3,845,000
Electronic Data Media	\$100,000 Each Occurrence
Automatic Acquisition	\$5,000,000
Boiler and Machinery	\$100,000,000 Each Accident
Property in Transit	\$100,000 Each Occurrence
Unintentional Omissions	\$250,000 Each Occurrence

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2012

(Continued)

Liability

Automobile Liability	\$1,000,000 Each Occurrence
Uninsured/Underinsured Motorists	\$250,000 Each Occurrence
General Liability	\$1,000,000 Each Occurrence
Excess Liability	\$5,000,000 Each Occurrence
Law Enforcement Liability	\$1,000,000 Each Occurrence
Errors and Omissions Liability	\$1,000,000 Annual Aggregate
Attorney Disciplinary Proceedings	\$25,000 Annual Aggregate

Crime:

Employee Dishonesty/Faithful Performance	\$1,000,000 Each Occurrence
Loss Inside the Premises (money and securities)	\$1,000,000 Each Occurrence
Loss Outside the Premises (money and securities)	\$1,000,000 Each Occurrence
Money Orders and Counterfeit Paper Currency	\$1,000,000 Each Occurrence
Depositors Forgery	\$1,000,000 Each Occurrence
Fund Transfer Fraud	\$500,000 Each Occurrence
Computer Fraud	\$500,000 Each Occurrence
Individual Public Official Bond Excess	\$250,000 Each Occurrence

There has been no significant reduction in insurance coverage from 2012, and settled claims have not exceeded this coverage in the past three years.

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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, 2012.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. During calendar year 2012, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and was 4% while the portion of employer contributions allocated to health care for members in the Combined Plan was 6.05%.

Paulding County Soil and Water Conservation District

Paulding County

Notes to the Financial Statements

For the Year Ended December 31, 2012

(Continued)

Note 8 – All Other Revenue

In 2012, the “all other revenue” line item on the financial statements for the Special Fund consisted of reimbursements from the County’s Ditch Maintenance Fund.



Dave Yost • Auditor of State

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

Paulding County Soil and Water Conservation District
Paulding County
900 Fairground Drive, Suite B
Paulding, Ohio 45879-9261

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each fund of the Paulding County Soil and Water Conservation District, Paulding County, Ohio (the District) as of and for the years ended December 31, 2016, 2015, 2014, 2013, and 2012, and the related notes to the financial statements and have issued our report thereon dated November 30, 2018, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider findings 2016-003, 2016-005, and 2016-006 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-001 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-001 through 2016-004.

District's Response to Findings

The District responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

November 30, 2018

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016, 2015, 2014, 2013, AND 2012**

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

FINDING NUMBER 2016-001

Finding for Recovery – Noncompliance Citation – Significant Deficiency – Public Monies Collected But Unaccounted For

Coral Fetzer, the District’s former District Program Administrator, was responsible for collecting amounts received from rental contracts, equipment rentals, sale of products (e.g. tree and fish order sales, flags, and county platbooks), and other various miscellaneous receipts. Coral Fetzer’s duties included collecting the monies, issuing the customer a receipt, posting the receipt to the District’s computerized financial accounting system (Quickbooks), preparing the deposits, and depositing the monies into the District’s designated depository.

Coral Fetzer did not write receipts for all monies collected and did not deposit all amounts collected. The lack of internal controls by the District resulted in monies being collected and not deposited. The District’s Board should regularly monitor rental contract activity, sale of products, and other various miscellaneous receipts throughout the year for accuracy. For the period of January 1, 2012 through March 16, 2016, \$9,984 was collected but not deposited into a District bank account, which comprised of the following amounts by year:

	Total Amount Collected But Unaccounted For
For the year ended December 31, 2016	\$1,205.00
For the year ended December 31, 2015	3,065.00
For the year ended December 31, 2014	2,340.45
For the year ended December 31, 2013	2,497.67
For the year ended December 31, 2012	876.20
Total	\$9,984.32

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies collected but unaccounted for is hereby issued against Coral Fetzer, former District Program Administrator, in the amount of \$9,984 in favor of the Paulding County Soil and Water Conservation District’s District Fund.

Officials’ Response:

Following the termination of employment of the former District Program Administrator; collecting money, issuing receipts, posting receipts to the Districts computerized financial accounting system, preparing deposits, and depositing money into the designated depository has been a shared task amongst the staff.

FINDING NUMBER 2016-002

Finding for Recovery – Noncompliance Citation – Reimbursements

Ohio Rev. Code § 149.351 provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under rules adopted by the records commission provided under Sections 149.38 to 149.42 of the Revised Code.

In addition, public funds should be expended for a public purpose. ***State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)***, provides guidance as to what may be construed as a proper public purpose. First, the expenditure should be required for the general good of all inhabitants, and second, the primary objective of the expenditure should be to further a public purpose, even if an incidental and private end is advanced. **1982 Op. Atty. Gen. No. 82-006** indicates that the decision should be memorialized by a duly enacted ordinance or resolution and may have prospective effect only. **Auditor of State Bulletin 2003-005, Expenditure of Public Funds/Proper Public Purpose** provides that the Auditor of State will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During the period of January 1, 2012 to March 16, 2016, Coral Fetzer, the former District Program Administrator, received reimbursements totaling \$765 for items identified below. There was a lack of documentation to support the amounts reimbursed and/or the amounts reimbursed were not for the benefit of the District.

Reimbursements for Web Hosting Hub:

Year	Actual Amount Paid to Web Hosting Hub	Reimbursed to Coral Fetzer	Over/(Under) Payment
2013	\$47.40	\$276.99	\$229.59
2014	107.88	517.56	409.68
2015	14.99		(14.99)
2016	107.88	207.88	100.00
Total Overpayments for Web Hosting Hub			\$724.28
Unsupported Reimbursements:			
Vista Print			\$41.25
Total			\$765.53

Without proper supporting documentation, it is not possible to determine if the expenditures served a proper public purpose. The lack of internal controls and failure to maintain adequate support for these expenses resulted in a loss of accountability over the District's finances. The District should review supporting documentation for all expenditures prior to authorizing payment.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public money illegally expended is hereby issued against Coral Fetzer, former District Program Administrator, in the amount of \$765 in favor of the Paulding County Soil and Water Conservation District's District Fund for public monies illegally expended

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Atty. Gen. No. 80-074; Ohio Rev. Code § 9.39; *State ex rel. Village of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985).

Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Atty. Gen. No. 80-074.

Coral Fetzer, in her capacity as the former District Program Administrator, determined the amounts to be paid and prepared the checks for the Board of Supervisors. During the aforementioned period, the following members of the Board of Supervisors signed the checks issued to the former employee which resulted in improper payment of District funds: Keith Wiesehan, former Board of Supervisors Member (through 2017) and Gary Derck, Board of Supervisors Member (through 2018).

Keith Wiesehan, former Board of Supervisors Member, and Gary Derck, Board of Supervisors Member, will be jointly and severally liable in the amount of \$397 and \$368, respectively, and in favor of the Paulding County Solid and Water Conservation District's District Fund.

Officials' Response:

Overpayments to the former District Program Administrator for Web Hosting were due to inaccurate payment statements being presented to the board. It is the District's opinion that confirming the authenticity of these statements went beyond the expected duties of the financial officers.

FINDING NUMBER 2016-003

Noncompliance Citation and Material Weakness

Ohio Admin. Code 117-2-02(A) requires governments to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance related legal and contractual requirements and prepare financial statements as required by Ohio Admin. Code 117-2-03. **Ohio Admin Code 117-2-02(C)(1)** provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Per **Ohio Admin. Code 117-2-02(D)**, accounting records should include:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution.

The District maintained a cash journal in a Microsoft Excel spreadsheet during 2016, but did not maintain a receipt ledger and disbursement/appropriation ledger and did not integrate budgetary information into the accounting system.

Since there was no receipt ledger or disbursement ledger, the amounts on the 2016 annual financial report were based on estimates instead of actual receipts and disbursements, resulting in almost every receipt and disbursement line item in the District Fund and Special Fund being misstated. The District's financial statements and accounting records have been adjusted to correct these and other errors in amounts up to \$44,972.

These conditions occurred due to the lack of bookkeeping experience by the District Program Administrator and a lack of oversight by the Board of Supervisors of the recording and reporting of the District's financial activity.

The District should maintain the above mentioned accounting records and the Board of Supervisors or an Audit Committee should periodically review the financial records and the District's financial statements. Implementation of these procedures will help add a measure of control to the receipt and disbursement process, as well as help provide assurance that the financial activity is properly posted and fairly presented on the District's financial reports.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

FINDING NUMBER 2016-004

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) provides that no subdivision or taxing unit shall make any expenditure of money unless it has been lawfully appropriated.

At December 31, 2013, the District's Special Fund budgetary expenditures were in excess of total approved appropriations by \$20,681.

This error occurred without detection by District management officials due to an inadequate review of budget versus actual reports for the Special Fund. Allowing expenditures to exceed appropriations could result in deficit spending.

The District's management officials should regularly monitor budgets to make sure there are sufficient appropriations to fund anticipated expenditures.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

FINDING NUMBER 2016-005

Material Weakness – Monitoring of Financial Transactions

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.

Sound accounting procedures require there to be adequate segregation of duties and monitoring procedures by management. Sound financial reporting is essential to help ensure the information provided to the readers of the financial statements is complete and accurate. In addition, GASB Statement No. 54 (codified as GASB Cod 1800.165 - .179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

There was a lack of segregation of duties due to the District Program Administrator performing most of the accounting functions. It is therefore important the District's Board of Supervisors monitor financial activity closely.

While the Board of Supervisors did review all expenditures and fund activity, there was no evidence of the extent to which the Board of Supervisors reviewed other financial information to monitor financial activity, including detail receipt reports (for all funds) or budgetary reports which compare budgeted revenues and appropriations to actual revenue and actual disbursements for the Special Fund, the District's actual bank statements, and the annual financial reports. This information provides important data necessary to manage District operations.

The lack of adequate monitoring by the Board of Supervisors and a lack of a policy regarding financial review contributed to material reporting discrepancies in the financial statements without detection, including the following:

- In 2015, a bank transfer totaling \$20,000 was incorrectly booked as a receipt and a disbursement in the District Fund, and thus, overstated overall receipts and disbursements in the District's accounting records as well as the financial statements
- In 2014, \$16,170 received from the sale of capital assets was misclassified as all other revenue in the District Fund.
- At December 31, 2016, the unassigned fund balance was overstated while the assigned fund balance was understated in the Special Fund by \$15,975. Conversely, at December 31, 2015, 2014, 2013, and 2012, the assigned fund balance was overstated while the unassigned fund balance was understated each year in the Special Fund by \$4,475, \$58,791, \$37,646, and \$69,400, respectively. This misstatement of the Special Fund balances each year was due to not properly reporting an assignment of fund balance for the amount which the Special Fund appropriations exceeded estimated receipts for the subsequent year in accordance with GASB Statement No. 54.
- At December 31, 2014, 2013, and 2012, both the committed and assigned fund balances were overstated while the unassigned fund balance was understated each year in the District Fund by a total of \$75,848, \$93,374, \$132,215, respectively.

As a result, the financial statements did not correctly reflect the financial activity of the District. The accompanying financial statements and the District's accounting records have been adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts. In addition, the following amounts were collected and deposited that were not receipted for the following years:

	Total Collected and Deposited But Not Receipted
For the year ended December 31, 2016	\$1,130
For the year ended December 31, 2015	1,720
For the year ended December 31, 2014	1,509
For the year ended December 31, 2013	2,227
For the year ended December 31, 2012	1,353
Total	\$7,939

An adjustment was not recorded to the accounting records or financial statements for this total since the monies were used to cover up the alleged misappropriation of other assets.

In order to help ensure the financial activity of the District is properly being monitored, the Supervisors should review financial reports, including detail receipt reports (for all funds), budget versus actual reports for the Special Fund, the actual bank statements obtained from the District's financial institutions, and the annual financial report. The documents should be reviewed, initialed, and approved in the minutes.

The Fiscal Officer should post all transactions in accordance with the guidance established by the Ohio Department of Agriculture and GASB Statement No. 54. Furthermore, to help ensure the financial statements and notes to the financial statements are complete and accurate, the Board of Supervisors should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements, by the District Program Administrator and Board of Supervisors to identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

FINDING NUMBER 2016-006

Material Weakness – Rental Contracts

District employees are in charge of rental contracts of the Black Swamp Nature Center (BSNC) and receive payments from various businesses, organizations or groups, and/or individuals for rental of the BSNC.

The lack of sufficient monitoring by management officials contributed to the following deficiencies related to rental contracts which were not detected in a timely manner:

- The original rental contracts were not available for 58, or 20% of the 293 rental contracts tested during the audit period. However, in these instances, the auditors were able to verify the rental information based on other available documentation, such as a copy of the rental contract and/or checklist attached to the deposit refund voucher, prenumbered duplicate receipts, copies of bank deposit support, and/or BSNC rental calendars.
- Receipts were not issued for approximately 40 of the rental transactions during this period. In addition, receipt information was not always complete and accurate in instances where receipts were issued.
- The correct rental fee and/or deposit rate established by the Board of Supervisors was not charged for rental of the BSNC for 24, or approximately 8% of the rental contracts tested.
- For 92, or approximately 31% of the rental contracts tested, we were not able to determine if the correct fee was charged since the contracts were not completely filled out and there was insufficient information to make this conclusion.
- Sometimes organizations or groups, e.g. public interest groups, educational and/or government entities, were not charged for rental of the BSNC. Additionally, District employees sometimes rented the BSNC but were not charged a deposit fee. The District does not have a policy regarding when or what specific groups or individuals would not be charged for the rental and/or deposit fee(s).

Failure to ensure contracts are properly executed, including making sure all pertinent information is documented on the rental contracts and checklists, and that the correct rate(s) are charged, could result in the District not receiving amounts due on the contracts or could result in errors, irregularities, or possible fraud occurring and not be detected in a timely manner.

To provide greater assurance rental contract receipts are properly accounted for, the following procedures should be implemented:

- The Board of Supervisors should implement a formal policy regarding specific groups and/or instances in which groups or individuals will not be charged for rental (and/or the deposit fee) of the BSNC.
- Management officials should make sure rental contracts are prepared and signed by all renters and contracts include the following information:
 - Date and type of the event;
 - Start and end time of event;
 - Total rental hours;
 - Total amount due, including deposit amount;
 - Rental checklist documenting the condition of the building before and after the event; and
 - "Office only" section of the contract, including the amount paid and receipt number as well as the amount of the deposit refund and check number.
- Management officials should verify the correct rental fees, including the deposit, are charged based on the effective fee approved by the Board of Supervisors.
- Management officials should verify amounts paid agree with amounts due per the contracts.
- Receipts should be issued for all monies collected and receipt information should be complete and accurate. Amounts collected should be matched to specific receipts issued by District employees and to the amount deposited.
- Rental contract records should be reconciled to the amounts collected and deposited.
- The Board of Supervisors (or other committee or designated individual(s)) should regularly monitor rental contract activity throughout the year to help ensure the District is receiving all rental contract receipts due and such amounts are properly recorded.
- A list should be maintained of the deposits being held to help ensure deposits are properly returned to the renters.

Officials' Response:

We did not receive a response from Officials to the finding reported above.

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Dave Yost • Auditor of State

PAULDING COUNTY SOIL AND WATER CONSERVATION DISTRICT

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 20, 2018**