



OHIO AUDITOR OF STATE
KEITH FABER



**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

Van Wert County Soil and Water Conservation District
Van Wert County
1185 Professional Drive
Van Wert, Ohio 45891

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 the governmental fund type combined total as of and for the years ended December 31, 2020 and 2019, and related notes of the Van Wert County Soil and Water Conservation District, Van Wert County, Ohio (the District).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the 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 the governmental fund type combined total as of and for the years ended December 31, 2020 and 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2021

Van Wert County Soil and Water Conservation District
 Van Wert County
 Combined Statement of Receipts, Disbursements
 and Changes in Fund Balances (Regulatory Cash Basis)
 For the Year Ended December 31, 2020

	District Fund	Special Fund	Other Funds	Total Funds
Cash Receipts				
Grants				
Local Government	\$53,950	\$72,500		\$126,450
State Government	433,400	91,366	\$1,538,748	2,063,514
Sale of Products/Materials	3,619			3,619
All Other Revenue	10,552			10,552
<i>Total Cash Receipts</i>	<u>501,521</u>	<u>163,866</u>	<u>1,538,748</u>	<u>2,204,135</u>
Cash Disbursements				
Salaries		90,123	14,755	104,878
Supplies	2,709	1,586	1,038	5,333
Equipment			3,028	3,028
Contract Services/Cost Share Payment				0
Rentals		20,340		20,340
Service Fees		1,914		1,914
Information and Education	513			513
Travel and Expenses	3,774	2,467		6,241
Advertising and Printing	1,708			1,708
OPERS		12,504	1,702	14,206
Worker's Compensation		942		942
Unemployment Compensation		86		86
Hospitalization		22,779	2,342	25,121
Medicare		1,297	213	1,510
Product/Materials for Resale	1,194			1,194
Annual Meeting/Banquet	190			190
Other	165,786	99		165,885
<i>Total Cash Disbursements</i>	<u>175,874</u>	<u>154,137</u>	<u>23,078</u>	<u>353,089</u>
<i>Excess of Receipts Over Disbursements</i>	<u>325,647</u>	<u>9,729</u>	<u>1,515,670</u>	<u>1,851,046</u>
Other Financing Receipts (Disbursements)				
Refund of Prior Year Disbursements		106		106
Transfers In			60,000	60,000
Transfers Out	(60,000)			(60,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(60,000)</u>	<u>106</u>	<u>60,000</u>	<u>106</u>
<i>Net Change in Fund Cash Balances</i>	265,647	9,835	1,575,670	1,851,152
<i>Fund Cash Balances, January 1</i>	<u>273,278</u>	<u>32,704</u>		<u>305,982</u>
<i>Fund Cash Balances, December 31</i>	<u>\$538,925</u>	<u>\$42,539</u>	<u>\$1,575,670</u>	<u>\$2,157,134</u>

See accompanying notes to the basic financial statements.

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**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 – Reporting Entity

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

Insurance Pools

The District participates in Insurance Pools. Note 8 to the financial statements provides additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

H2Ohio Grant Fund. The H2Ohio Grant is a comprehensive water quality initiative that is working to strategically address serious water issues that have been building in Ohio for decades. The H2Ohio Grant funds are received from the state and are to be used for important water infrastructure upgrades and aids in the development of other innovative water quality solutions and to reduce phosphorus runoff from farms through the use of proven, science based nutrient management best practices and the creation of phosphorus-filtering wetlands.

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.

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Budgetary Process

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits

The Van Wert 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 Van Wert County Treasurer at treasurer@vanwertcounty.org.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020 follows:

2020 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund	Receipts	Receipts	Variance
Special	147,500	163,866	(16,366)

2020 Budgeted vs Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund	Authority	Expenditures	Variance
Special	\$ 179,997	\$ 154,137	\$ 25,860

Note 4 – Deposits

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

	2020
Demand Deposits	\$1,937,597
Certificates of Deposit	177,000
County Treasurer Deposits	42,537
Total Deposits	\$2,157,134

Deposits

Deposits are insured by the Federal Deposit Insurance Cooperation or collateralized by securities specifically pledged by the financial institution to the District; at December 31, 2020.

Note 5 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2020, the District was part of Van Wert County who contracted with the Midwest Pool Risk Management Agency, Inc. (which is part of the Public Entity Risk Consortium (PERC) for liability, property and crime insurance. (See Note 8).

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

For 2020, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Retro Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 8).

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 8 – Insurance Pools

- A. The Midwest Pool Risk Management Agency, Inc., (the Pool) is an Ohio nonprofit corporation established by five counties for the purpose of establishing a risk-sharing insurance program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Pool. Coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' error and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Pool are managed by an elected board of not more than five trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member and any representative it may have on the board of trustees. Effective December 1, 2005, the Agency joined a Public Entity Risk Consortium (PERC) (super pool) which consists of seven (7) pool risk groups including the Agency.

- B. The County Commissioners' Association of Ohio Service Corporation Van Wert County participated in the Group Retrospective Rating plan ("Group Retro") which is a performance-based incentive program designed to reward a group of similar employers who are effectively managing safety and workers' comp claims. This reward is in the form of rebates which are based upon the group achieving lower than average claims experience in a given year. Group Retro guidelines are outlined in OAC 4123-17-73 and 68.

Each group is organized through a BWC-certified sponsor who is responsible for screening potential group retro members based upon safety and claims management criteria established by the Group. The group sponsor must provide education and communication to group members on safety and reducing workplace injuries, and must submit a safety plan each year to be approved by the BWC.

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Group retrospective rating member employers initially pay their individual experience rated premium to the BWC as if they were not in a retro group. The total of the individual premiums for the group members is the “standard premium” of the group. 12 months after the end of the policy year, the BWC will calculate the group retrospective premium, based upon developed incurred claim losses of the entire group. The BWC will then compare the group retrospective premium to the standard premium. If the retrospective premium is lower than the standard premium, group members will receive a rebate of the difference. If the retrospective premium is higher, each group member will be charged an assessment to cover the shortfall. This calculation is done again at 24 and 36 months, providing a financial incentive for group members to continuously work on safety and claims management.

Note 9 – Fund Balances

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

<u>Fund Balances</u>	<u>District Fund</u>	<u>Special Fund</u>	<u>Other Funds</u>	<u>Total</u>
Outstanding Encumbrances		\$154,031	\$1,575,670	\$1,729,701
Total		\$154,031	\$1,575,670	\$1,729,701

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

Note 10 – Change in Accounting Principle

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

Note 11 – COVID-19

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

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Van Wert County Soil and Water Conservation District
 Van Wert County
 Combined Statement of Receipts, Disbursements
 and Changes in Fund Balances (Regulatory Cash Basis)
 For the Year Ended December 31, 2019

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$13,000	\$68,329	\$81,329
State Government	69,500	77,027	146,527
Sale of Products/Materials	6,662		6,662
All Other Revenue	15,574		15,574
<i>Total Cash Receipts</i>	<u>104,736</u>	<u>145,356</u>	<u>250,092</u>
Cash Disbursements			
Salaries		85,011	85,011
Supplies	1,242	857	2,099
Equipment	606	3,895	4,501
Contract Repairs	1,891		1,891
Contract Services/Cost Share Payment		503	503
Rentals		18,373	18,373
Service Fees		1,776	1,776
Information and Education	689		689
Travel and Expenses	1,385	8,008	9,393
Advertising and Printing	1,729		1,729
OPERS		11,782	11,782
Worker's Compensation		1,137	1,137
Hospitalization		17,507	17,507
Medicare		1,231	1,231
Product/Materials for Resale	3,598		3,598
Annual Meeting/Banquet	2,597		2,597
Other	19,595	1,779	21,374
<i>Total Cash Disbursements</i>	<u>33,332</u>	<u>151,859</u>	<u>185,191</u>
<i>Net Change in Fund Cash Balances</i>	71,404	(6,503)	64,901
<i>Fund Cash Balances, January 1</i>	<u>201,874</u>	<u>39,207</u>	<u>241,081</u>
Fund Cash Balances, December 31			
Assigned	94,278	32,704	126,982
Unassigned	179,000		179,000
<i>Fund Cash Balances, December 31</i>	<u>\$273,278</u>	<u>\$32,704</u>	<u>\$305,982</u>

See accompanying notes to the basic financial statements.

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**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 - Reporting Entity

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

Insurance Pool

The District participates in Insurance Pools. Note 8 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Basis of Accounting

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

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

Budgetary Process

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

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits

The Van Wert 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 Van Wert County Treasurer at treasurer@vanwertcounty.org

Capital Assets

The District records disbursements for acquisitions of property 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.

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.

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$136,542	\$145,356	(\$8,814)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$151,880	\$151,859	\$21

Note 4 - Deposits

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

	2019
Demand Deposits	\$94,280
Certificates of Deposits	179,000
County Treasurer Deposits	32,702
Total Deposits	\$305,982

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District at December 31, 2019.

Note 5 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2019, the District was part of Van Wert County who contracted with the Midwest Pool Risk Management Agency, Inc. (which is part of the Public Entity Risk Consortium (PERC) for liability, property and crime insurance. (See Note 8).

For 2019, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Retro Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool (See Note 8).

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

Note 7- Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 8 - Insurance Pools

- A. The Midwest Pool Risk Management Agency, Inc., (the Pool) is an Ohio nonprofit corporation established by five counties for the purpose of establishing a risk-sharing insurance program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Pool. Coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' error and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Pool are managed by an elected board of not more than five trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member and any representative it may have on the board of trustees. Effective December 1, 2005, the Agency joined a Public Entity Risk Consortium (PERC) (super pool) which consists of seven (7) pool risk groups including the Agency.

- B. The County Commissioners' Association of Ohio Service Corporation Van Wert County participated in the Group Retrospective Rating plan ("Group Retro") which is a performance-based incentive program designed to reward a group of similar employers who are effectively managing safety and workers' comp claims. This reward is in the form of rebates which are based upon the group achieving lower than average claims experience in a given year. Group Retro guidelines are outlined in OAC 4123-17-73 and 68.

Each group is organized through a BWC-certified sponsor who is responsible for screening potential group retro members based upon safety and claims management criteria established by the Group. The group sponsor must provide education and communication to group members on safety and reducing workplace injuries, and must submit a safety plan each year to be approved by the BWC.

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Group retrospective rating member employers initially pay their individual experience rated premium to the BWC as if they were not in a retro group. The total of the individual premiums for the group members is the "standard premium" of the group. 12 months after the end of the policy year, the BWC will calculate the group retrospective premium, based upon developed incurred claim losses of the entire group. The BWC will then compare the group retrospective premium to the standard premium. If the retrospective premium is lower than the standard premium, group members will receive a rebate of the difference. If the retrospective premium is higher, each group member will be charged an assessment to cover the shortfall. This calculation is done again at 24 and 36 months, providing a financial incentive for group members to continuously work on safety and claims management.

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OHIO AUDITOR OF STATE KEITH FABER



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

Van Wert County Soil and Water Conservation District
Van Wert County
1185 Professional Drive
Van Wert, Ohio 45891

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 governmental fund type combined total for Van Wert County Soil and Water Conservation District, Van Wert County, (the District) as of and for the years ended December 30, 2020, and 2019, and the related notes to the financial statements and have issued our report thereon dated August 31, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2021

**VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT
VAN WERT COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the financial statements and required adjustments to the District's financial statements:

- In 2019, in the District Fund, other revenue was overstated by \$60,000 and state government grants revenue was understated by \$60,000.
- In 2020, in the District Fund, other revenue was overstated by \$347,450 and state government grants revenue was understated by \$300,000 and local government grants revenue was understated by \$47,450. In addition, other disbursements was overstated by \$60,000 and transfers out was understated by \$60,000.
- In 2020, the H2Ohio Producer Grant Fund activity was not properly included with Other Funds on the HINKLE filed financial statements, resulting in an understatement of ending fund balance of \$1,538,549, an understatement of supplies disbursements of \$199 and an understatement of state government grants revenue of \$1,538,748.
- In 2020, in the H2Ohio Grant Fund, local government grants revenue was overstated by \$60,000 and transfers in was understated by \$60,000.
- In 2020, in the Special Fund, a refund of prior year receipts was misclassified as a negative expenditure in the amount of \$106 in the equipment expense line item.

The failure to correctly classify financial activity in the financial statements may impact the users' understanding of the financial operations, the Board's and management's ability to make sound financial decisions, and could result in materially misstated reports.

The District should establish and implement procedures to verify that management and the Board review the errors identified during the audit to ensure similar errors are not made in future periods. In addition, the District should implement policies and procedures for an independent review of the financial statements and note disclosures to identify and correct errors and omissions.

Official's Response:

We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



VAN WERT COUNTY SOIL AND WATER CONSERVATION DISTRICT

VAN WERT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/5/2021

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

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