

**HENRY SOIL AND WATER CONSERVATION DISTRICT  
HENRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021-2020**



**HENRY SOIL AND WATER CONSERVATION DISTRICT  
HENRY COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Henry Soil and Water Conservation District  
Henry County  
2260 North Scott Street  
Napoleon, Ohio 43545

To the Board of Supervisors:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of Henry Soil and Water Conservation District, Henry County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each fund as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

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

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

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

***Emphasis of Matters***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, for the year ended December 31, 2020, the District restated the beginning fund balances in the District and Other Funds to properly report grant activity. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 1, 2022

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

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants				
Local Government		\$116,000	\$2,860	\$118,860
State Government		124,061	3,672,078	3,796,139
Federal Government		8,127		8,127
Charges for Services	\$52,726	73,210		125,936
Sale of Products/Materials	548			548
Rentals	82			82
Conservation Receipts	2,148			2,148
Interest Income	621		11,051	11,672
All Other Revenue	16	14,408	40	14,464
<i>Total Cash Receipts</i>	<u>56,141</u>	<u>335,806</u>	<u>3,686,029</u>	<u>4,077,976</u>
<b>Cash Disbursements</b>				
Salaries		285,327		285,327
Supplies	3,571	2,123	61	5,755
Postage	848			848
Contract Repairs	484			484
Contract Services	7,916	8,349	178	16,443
Rentals		28,000		28,000
Service Fees	2,093	240		2,333
Information and Education	1,092			1,092
Travel and Expenses	52			52
Advertising and Printing	1,408			1,408
OPERS		39,949		39,949
Medicare		4,091		4,091
Product/Materials for Resale	828			828
Health Insurance		36,840		36,840
Life Insurance		142		142
Vehicle Rental/Liability Insurance		4,391		4,391
Senate Bill 299 Payouts to Districts			860,599	860,599
Senate Bill 299 HSWCD Payouts Cost Share			2,091,723	2,091,723
Conservation Supplies	760			760
Other Expenses	9,425		8,371	17,796
<i>Total Cash Disbursements</i>	<u>28,477</u>	<u>409,452</u>	<u>2,960,932</u>	<u>3,398,861</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>27,664</u>	<u>(73,646)</u>	<u>725,097</u>	<u>679,115</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	6,957	123,003	256	130,216
Transfers Out	(256)		(129,960)	(130,216)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>6,701</u>	<u>123,003</u>	<u>(129,704)</u>	
<i>Net Change in Fund Cash Balances</i>	34,365	49,357	595,393	679,115
<i>Fund Cash Balances, January 1</i>	<u>443,634</u>	<u>155,970</u>	<u>6,747,274</u>	<u>7,346,878</u>
<i>Fund Cash Balances, December 31</i>	<u>\$477,999</u>	<u>\$205,327</u>	<u>\$7,342,667</u>	<u>\$8,025,993</u>

See accompanying notes to the basic financial statements

# Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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## Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Henry Soil and Water Conservation District, Henry 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.

### *Public Entity Risk Pools*

The District participates in the County Risk Sharing Authority, Inc. (CORSA) and Northern Buckeye Health Plan – Northwest Division of Optimal Health Initiative Consortium Insurance Pools. Note 6 to the financial statements provide additional information for these entities.

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

## Note 2 – Summary of Significant Accounting Policies

### *Basis of Presentation*

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

### *Fund Accounting*

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

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

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

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

- ***Senate Bill 299***

The District has a grant agreement with Ohio Department of Agriculture for Western Lake Erie Basin Senate Bill 299 for the purposes of reduce the phosphorus and other agricultural nutrients from entering waters of the Western Lake Erie Basin.

- ***Western Lake Erie Basin H2Ohio***

The District has a grant agreement with Ohio Department of Agriculture for H2Ohio Staff Support for providing technical assistance in implementation of nutrient reduction practices in the Western Lake Erie Basin.

## Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements  
For the Year Ended December 31, 2021

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A summary of Grant Fund activity appears in Note 9

### ***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.

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

A summary of 2021 budgetary activity appears in Note 3.

### ***Deposits and Investments***

The Henry 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 Henry County Auditor at [auditor@henrycountyohio.com](mailto:auditor@henrycountyohio.com).

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

### ***Capital Assets***

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

### ***Accumulated Leave***

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

## Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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### **Fund Balance**

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Henry Soil and Water Conservation District**

*Henry County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$459,148	\$458,809	(\$339)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$459,148	\$409,452	\$49,696

**Note 4 – Deposits**

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

	2021
Demand deposits	\$7,820,666
County Treasurer Deposits	205,327
Total deposits	\$8,025,993

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

**Henry Soil and Water Conservation District**

*Henry County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Note 5 – Interfund Transfers**

The District made the following interfund transfers during the course of the year:

<u>From:</u>	<u>To:</u>	<u>Amount:</u>	<u>Purpose:</u>
District	Clean Lake Ohio	\$256	To cover program shortfall For services the District
SB299	District	5,485	performs for grant For services the District
H2Ohio	District	1,472	performs for grant
MNM	Special	56,105	Payroll/Benefits reimbursement to Special Fund
MNM	Special	1,215	Computer purchase reimbursment to Special Fund
H2Ohio Staffing	Special	65,683	Payroll/Benefits reimbursement to Special Fund
	<b>Total</b>	<b><u>\$130,216</u></b>	

**Note 6 – Risk Management**

***Health Insurance***

The Henry County Commissioners, on behalf of County departments including the District, are members of the Northern Buckeye Health Plan – Northwest Division of Optimal Health Initiative Consortium for employee benefits which includes health insurance, and prescription drug insurance. Plan options and levels of coverage are established independently by each pool member for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. The pool includes thirty-nine public entities in the State of Ohio. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims.

The District is charged for its proportionate share of the expenses from the County. The consortium is for employee benefits and includes Health, Prescription Drug and Dental Insurance. Plan options and levels of coverage are established independently by each consortium member for its employees. Premiums paid into the consortium by each member are based on the level of coverage within each respective plan. Member contributions are calculated annually to produce a sufficient sum of money within the consortium to fund administrative expenses and to create reserves.

As of December 31, 2021, the consortium had incurred But Not Reported Claims (IBNR) cash reserves of \$3,513,923 which, in the opinion of management, is adequate for any claims currently pending against the consortium. The 2021 monthly premiums paid by Henry County per covered employee were \$1,400 for family coverage and \$534 for single coverage. Employees contribute a portion of each monthly premium through payroll withholding.

From 2016 to 2018, the County paid an additional reserve buy-in amount which was paid in full in December of 2018; therefore, no buy-in amount was paid in 2018. The amount of risk retained by the consortium in 2021 was \$500,000 per individual; coverage in excess of this amount was provided by Intermediary Insurance Services, Inc.

## Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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The NBHP, NW Div. of OHI maintains additional Maximum Claim Liability (MCL) reserves, as determined annually by the reinsurance carrier. The MCL creates a level of protection in the event the premium payments don't cover the cost of the claims, avoiding the need for a mid-level premium increase. Audited financial statements are maintained by Optimal Health Initiatives.

### **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 Henry County Commissioners, on behalf of County departments including the District contracted with the County Risk Sharing Authority, Inc. (CORSA) for liability, property, automotive, and crime insurance. The CORSA program has \$2,500 deductible Coverage provided by CORSA is as follows:

	<u>Amount</u>
General Liability (per occurrence)	\$1,000,000
Law Enforcement Liability (per occurrence)	1,000,000
Automobile Liability and Physical Damage Liability (per occurrence)	1,000,000
Medical Payments	
Per Person	5,000
Per Occurrence	50,000
Uninsured Motorist (per person) 250,000	
Physical Damage	Actual Cost
Flood and Earthquake (per occurrence)	100,000,000
Other Property Insurance:	
Extra Expense	1,000,000
EDP Media	Replacement Cost
Contractors' Equipment	Replacement Cost
Inland Marine	Replacement Cost
Automatic Acquisition	5,000,000
Crime Insurance:	
Faithful Performance	1,000,000
Money and Securities (inside and outside)	1,000,000
Depositor's Forgery	1,000,000
Money Orders and Counterfeit Paper Currency	1,000,000
Boiler and Machinery	100,000,000
Public Officials (per occurrence)	2,000,000
Umbrella (per occurrence)	5,000,000

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

**Henry Soil and Water Conservation District**

*Henry County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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. Payroll and benefits are administered through Henry County.

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

**Note 8 – Postemployment Benefits**

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

**Note 9 – Grants**

***Lake Erie Conservation Reserve Enhancement Program***

The District has a grant agreement with Ohio Department of Agriculture for Lake Erie Conservation Reserve Enhancement Program for the purposes of converting cropland into conservation habitat to promote wildlife, soil, and water conservation in the Western Lake Erie Basin. The District received \$2,860 grant monies in 2021 and had grant expenditures of \$2,860 related to this program in 2021.

***Clean Lake 2019***

The District has a grant agreement with Ohio Department of Agriculture for Clean Lake 2020 to be used to support county soil and water conservation districts in the Western Lake Erie Basin for staffing costs and to assist in soil testing and nutrient management plan development. The District received grant monies of \$60,000 in 2019 and had grant expenditures of \$48,100 related to this program in 2021.

***Senate Bill 299***

The District has a grant agreement with Ohio Department of Agriculture for Western Lake Erie Basin Senate Bill 299 for the purposes of reducing the phosphorus and other agricultural nutrients from entering waters of the Western Lake Erie Basin. The District received grant monies of \$7,000,000 in 2019 and had grant expenditures of \$1,236,162 related to this program in 2021. The District received Technical Assistance (TA) monies as determined by the ODA. The District is also allowed the interest earned from the bank accounts for this grant.



# Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

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## ***Manure Nutrient Management***

The District has a grant agreement with Ohio Department of Agriculture for Manure Nutrient Management for a multi-county position for providing technical assistance in implementation of nutrient reduction practices in the Western Lake Erie Basin. The District received grant monies of \$410,000 in 2019 and had grant expenditures of \$57,320 related to this program in 2021.

## ***Western Lake Erie Basin H2Ohio (Staff)***

The District has a grant agreement with Ohio Department of Agriculture for H2Ohio Staff Support for providing technical assistance in implementation of nutrient reduction practices in the Western Lake Erie Basin. The District received grant monies of \$300,000 in 2020 and had grant expenditures of \$65,922 related to this program in 2021.

## ***Western Lake Erie Basin H2Ohio (program)***

The District has a grant agreement with Ohio Department of Agriculture for implementation of nutrient reduction practices in the Western Lake Erie Basin. The District received grant monies of \$3,672,078 in 2021 and had grant expenditures of \$1,680,528 related to this program in 2021. The District received Technical Assistance (TA) monies determined by the ODA. The District is also allowed the interest earned from the bank accounts for this grant.

## **Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantors; presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

## **Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Other Funds</u>
Outstanding Encumbrances	\$7,342,667

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 12 – COVID-19**

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

**Henry Soil and Water Conservation District**  
*Henry County, Ohio*  
*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	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Grants				
Local Government		\$116,000	\$23,310	\$139,310
State Government		124,282	1,733,835	1,858,117
Federal Government		7,502		7,502
Charges for Services	\$44,500	82,705		127,205
Sale of Products/Materials	476			476
Rentals	289			289
Conservation Receipts	9,443			9,443
Interest Income	633		46,923	47,556
All Other Revenue	14,738			14,738
<i>Total Cash Receipts</i>	<u>70,079</u>	<u>330,489</u>	<u>1,804,068</u>	<u>2,204,636</u>
<b>Cash Disbursements</b>				
Salaries		268,631		268,631
Supplies	5,923	1,829	1,321	9,073
Equipment	140		2,382	2,522
Postage	275			275
Contract Repairs	802			802
Contract Services	11,129	8,495	32	19,656
Rentals	2,415	25,750		28,165
Service Fees	1,987		40	2,027
Information and Education	371			371
Travel and Expenses	672	888		1,560
Advertising and Printing	791		921	1,712
OPERS		36,705		36,705
Medicare		3,688		3,688
Product/Materials for Resale	95			95
Health Insurance		29,019		29,019
Life Insurance		127		127
Lake Erie - Nutrient Reduction Programs			8,000	8,000
Lake Erie - Conservation Reserve Enhancement Program			22,716	22,716
Western Lake Erie Basin - Healthy Lake Fund			11,145	11,145
Senate Bill 299 Payouts to Districts			1,335,141	1,335,141
Senate Bill 299 HSWCD Payouts Cost Share			416,112	416,112
Senate Bill 299 Expenses	569			569
Conservation Supplies	6,524			6,524
Other Expenses	3,015		28,355	31,370
<i>Total Cash Disbursements</i>	<u>34,708</u>	<u>375,132</u>	<u>1,826,165</u>	<u>2,236,005</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,371</u>	<u>(44,643)</u>	<u>(22,097)</u>	<u>(31,369)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	55,680	80,075		135,755
Transfers Out			(135,755)	(135,755)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>55,680</u>	<u>80,075</u>	<u>(135,755)</u>	
<i>Net Change in Fund Cash Balances</i>	91,051	35,432	(157,852)	(31,369)
<i>Fund Cash Balances, January 1</i>	<u>352,583</u>	<u>120,538</u>	<u>6,905,126</u>	<u>7,378,247</u>
<i>Fund Cash Balances, December 31</i>	<u>\$443,634</u>	<u>\$155,970</u>	<u>\$6,747,274</u>	<u>\$7,346,878</u>

See accompanying notes to the basic financial statements

# Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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## Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Henry Soil and Water Conservation District, Henry 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.

### *Public Entity Risk Pools*

The District participates in the County Risk Sharing Authority, Inc. (CORSA) and Northern Buckeye Health Plan – Northwest Division of Optimal Health Initiative Consortium Insurance Pools. Note 6 to the financial statements provide additional information for these entities.

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

## Note 2 – Summary of Significant Accounting Policies

### *Basis of Presentation*

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

### *Fund Accounting*

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

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

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

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

- ***Senate Bill 299***

The District has a grant agreement with Ohio Department of Agriculture for Western Lake Erie Basin Senate Bill 299 for the purposes of reduce the phosphorus and other agricultural nutrients from entering waters of the Western Lake Erie Basin.

- ***Western Lake Erie Basin H2Ohio***

The District has a grant agreement with Ohio Department of Agriculture for H2Ohio Staff Support for providing technical assistance in implementation of nutrient reduction practices in the Western Lake Erie Basin.

## Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements  
For the Year Ended December 31, 2020

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A summary of Grant Fund activity appears in Note 9

### ***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.

***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 and Investments***

The Henry 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 Henry County Auditor at [auditor@henrycountyohio.com](mailto:auditor@henrycountyohio.com).

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

### ***Capital Assets***

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

### ***Accumulated Leave***

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

# Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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## Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

## Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

Fund	2020 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
Special	\$410,620	\$410,564	(\$56)

**Henry Soil and Water Conservation District**

*Henry County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

2020 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Special	\$410,620	\$375,132	\$35,488

**Note 4 – Deposits**

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

	<u>2020</u>
Demand deposits	<u>\$7,190,908</u>
County Treasurer Deposits	<u>155,970</u>
Total deposits	<u><u>\$7,346,878</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

**Note 5 – Interfund Transfers**

The District made the following interfund transfers during the course of the year:

<u>From:</u>	<u>To:</u>	<u>Amount:</u>	<u>Purpose:</u>
ASVP	District	\$250	To Close ASVP Fund
			For services the District
SB299	District	55,430	performs for the grant
Clean Lake Ohio	Special	9,490	Payroll/Benefits reimbursement to Special Fund
MNM	Special	51,077	Payroll/Benefits reimbursement to Special Fund
H2Ohio Staffing	Special	19,508	Payroll/Benefits reimbursement to Special Fund
	<b>Total</b>	<u><u>\$135,755</u></u>	

## Henry Soil and Water Conservation District

*Henry County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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### **Note 6 – Risk Management**

#### ***Health Insurance***

The Henry County Commissioners, on behalf of County departments including the District, are members of the Northern Buckeye Health Plan – Northwest Division of Optimal Health Initiative Consortium for employee benefits which includes health insurance, and prescription drug insurance. Plan options and levels of coverage are established independently by each pool member for its employees. Premiums paid into the pool by each member are based on the level of coverage within each respective plan. The pool includes thirty-nine public entities in the State of Ohio. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims.

The District is charged for its proportionate share of the expenses from the County. The consortium is for employee benefits and includes Health, Prescription Drug and Dental Insurance. Plan options and levels of coverage are established independently by each consortium member for its employees. Premiums paid into the consortium by each member are based on the level of coverage within each respective plan. Member contributions are calculated annually to produce a sufficient sum of money within the consortium to fund administrative expenses and to create reserves.

As of December 31, 2020, the consortium had incurred But Not Reported Claims (IBNR) cash reserves of \$3,267,147 which, in the opinion of management, is adequate for any claims currently pending against the consortium. The 2020 monthly premiums paid by Henry County per covered employee were \$1,284 for family coverage and \$489 for single coverage. Employees contribute a portion of each monthly premium through payroll withholding.

From 2016 to 2018, the County paid an additional reserve buy-in amount which was paid in full in December of 2018; therefore, no buy-in amount was paid in 2019 or 2020. The amount of risk retained by the consortium in 2020 was \$300,000 per individual; coverage in excess of this amount was provided by Intermediary Insurance Services, Inc.

The NBHP, NW Div. of OHI maintains additional Maximum Claim Liability (MCL) reserves, as determined annually by the reinsurance carrier. The MCL creates a level of protection in the event the premium payments don't cover the cost of the claims, avoiding the need for a mid-level premium increase. Audited financial statements are maintained by Optimal Health Initiatives.

#### ***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 Henry County Commissioners, on behalf of County departments including the District contracted with the County Risk Sharing Authority, Inc. (CORSA) for liability, property, automotive, and crime insurance. The CORSA program has \$2,500 deductible Coverage provided by CORSA is as follows:

## Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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	<u>Amount</u>
General Liability (per occurrence)	\$1,000,000
Law Enforcement Liability (per occurrence)	1,000,000
Automobile Liability and Physical Damage Liability (per occurrence)	1,000,000
Medical Payments	
Per Person	5,000
Per Occurrence	50,000
Uninsured Motorist (per person) 250,000	
Physical Damage	Actual Cost
Flood and Earthquake (per occurrence)	100,000,000
Other Property Insurance:	
Extra Expense	1,000,000
EDP Media	Replacement Cost
Contractors' Equipment	Replacement Cost
Inland Marine	Replacement Cost
Automatic Acquisition	5,000,000
Crime Insurance:	
Faithful Performance	1,000,000
Money and Securities (inside and outside)	1,000,000
Depositor's Forgery	1,000,000
Money Orders and Counterfeit Paper Currency	1,000,000
Boiler and Machinery	100,000,000
Public Officials (per occurrence)	2,000,000
Umbrella (per occurrence)	5,000,000

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

### **Note 7 – Defined Benefit Pension Plan**

#### ***Ohio Public Employees Retirement System***

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. Payroll and benefits are administered through Henry County.

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.



**Henry Soil and Water Conservation District**

*Henry County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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**Note 8 – 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. Payroll and benefits are administered through Henry County.

**Note 9 – Grants**

***Lake Erie Nutrient Reduction Program***

The District has a grant agreement with Ohio Department of Agriculture of Natural Resources, Division of Soil and Water Resources for the Lake Erie Nutrient Reduction Program for the Lake Erie watershed for the purposes of targeting reduction of nutrients into the waters of the Lake Erie Basin. The District received grant monies of \$269,733 in 2016 and had grant expenditures of \$8,000 related to this program in 2020.

***Lake Erie Conservation Reserve Enhancement Program***

The District has a grant agreement with Ohio Department of Agriculture for Lake Erie Conservation Reserve Enhancement Program for the purposes of converting cropland into conservation habitat to promote wildlife, soil, and water conservation in the Western Lake Erie Basin. The District received grant monies of \$23,310 in 2020 and had grant expenditures of \$22,716 related to this program in 2020.

**Clean Lake 2019**

The District has a grant agreement with Ohio Department of Agriculture for Clean Lake 2020 to be used to support county soil and water conservation districts in the Western Lake Erie Basin for staffing costs and to assist in soil testing and nutrient management plan development,. The District received grant monies of \$60,000 in 2019 and had grant expenditures of \$11,145 related to this program in 2020.

**Senate Bill 299**

The District has a grant agreement with Ohio Department of Agriculture for Western Lake Erie Basin Senate Bill 299 for the purposes of reduce the phosphorus and other agricultural nutrients from entering waters of the Western Lake Erie Basin. The District received grant monies of \$7,000,000 in 2019 and had grant expenditures of \$1,751,822 related to this program in 2020.

***Manure Nutrient Management***

The District has a grant agreement with Ohio Department of Agriculture for Manure Nutrient Management for a multi-county position for providing technical assistance in implementation of nutrient reduction practices in the Western Lake Erie Basin. The District received grant monies of \$410,000 in 2019 and had grant expenditures of \$51,402 related to this program in 2020.

# Henry Soil and Water Conservation District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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## Western Lake Erie Basin H2Ohio

The District has a grant agreement with Ohio Department of Agriculture for H2Ohio Staff Support for providing technical assistance in implementation of nutrient reduction practices in the Western Lake Erie Basin. The District received grant monies of \$1,733,835 in 2020 and had grant expenditures of \$22,128 related to this program in 2020.

### Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantors; presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

### Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Other Funds
Outstanding Encumbrances	\$6,747,274

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 12 – COVID-19

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

### Note 13 – Change in Accounting Principle

For 2020, the District has made changes to its 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.

**Henry Soil and Water Conservation District**

*Henry County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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**Note 14 – Accounting Change**

During 2020, the District created new funds to report grant activity separately from the District Fund. These adjustments had the following impact on the previously reported fund balances.

	<u>District Fund</u>	<u>Other Funds</u>
Fund Cash Balance, December 31, 2019	\$7,257,709	
Adjustment	<u>(6,905,126)</u>	<u>\$6,905,126</u>
Fund Cash Balance, January 1, 2020	<u>\$352,583</u>	<u>\$6,905,126</u>

**Note 15 – All Other Revenue**

All Other Revenue in the District Fund primarily consisted of refunds

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Henry Soil and Water Conservation District  
Henry County  
2260 North Scott Street  
Napoleon, Ohio 43545

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each fund as of for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Henry Soil and Water Conservation District, Henry County Ohio (the District) and have issued our report thereon dated December 1, 2022 wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture permits. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District. In addition, we noted the District restated beginning fund balances to properly report grant activity.

### ***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 1, 2022

**HENRY SOIL AND WATER CONSERVATION DISTRICT  
HENRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**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.

We identified the following errors requiring adjustments to the financial statements and notes to the financial statements for the year ending December 31, 2021:

- \$6,957 in the SB 299 and H2Ohio funds for services the District performed were not properly recorded as a transfer to the District fund per grant agreements.
- \$8,127 in federal intergovernmental receipts were incorrectly posted as rental receipts in the Special Fund.
- \$123,003 of transfer in was incorrectly posted as other revenue in the Special Fund.
- \$363,180 in bank-to bank transfers in the SB299 Fund were receipted as state revenue and program disbursements, overstating both receipts and disbursements by \$363,180.
- \$129,960 transfer out was incorrectly posted as salaries and payments to other districts in Other Funds.

We identified the following errors requiring adjustments to the financial statements and notes to the financial statements for the year ending December 31, 2020:

- \$55,680 the SB 299 fund for services the District performed were not properly recorded as a transfer to the District fund per grant agreement.
- \$9,490 of transfer in was incorrectly posted as other revenue in the Special Fund.
- \$135,755 of transfer out was posted as salaries and payments to other districts in Other Funds.
- \$11,950 in charges for services in the District fund were unrecorded due to erroneous adjustments to the receipt ledger.
- \$12,286 was posted to other revenue to correct erroneous adjustments to receipts and disbursements that resulted in understatement of ending fund cash balance of \$12,286 in the District Fund.
- \$489,996 in bank-to bank transfers in the SB299 Fund were receipted as other financing receipts and program payouts, overstating both receipts and disbursements by \$489,996.

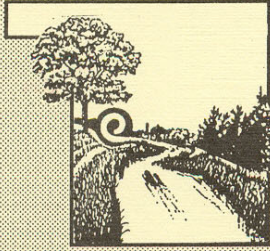
These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failing to prepare accurate financial statements and notes to the financial statements could lead the Board of Supervisors to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Supervisors to help identify and correct errors and omissions.

**Officials' Response:**

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





# HENRY SOIL AND WATER CONSERVATION DISTRICT

2260 North Scott Street, Napoleon, Ohio 43545  
Phone (419) 592-2926, Ext. 3 • Fax (419) 599-0300

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding was first reported during the audit of the 2017-2016 financial statements. Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2021-001 in this report.	This finding recurred due to inadequate policies and procedures in reviewing the financial statements prior to filing the District's annual report.

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# OHIO AUDITOR OF STATE KEITH FABER



**HENRY SOIL AND WATER CONSERVATION DISTRICT**

**HENRY 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 12/22/2022**

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](http://www.ohioauditor.gov)