

***ALLEN SOIL AND WATER CONSERVATION
DISTRICT***

ALLEN COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





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Board of Supervisors
Allen Soil and Water Conservation District
1601 E. 4th Street
Lima, Ohio 45804-2711

We have reviewed the *Independent Auditor's Report* of the Allen Soil and Water Conservation District, Allen County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 14, 2020

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ALLEN SOIL AND WATER CONSERVATION DISTRICT
ALLEN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Allen Soil and Water Conservation District
Allen County
1601 E. 4th Street
Lima, Ohio 45804-2711

To the Board of Supervisors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund and related notes of the Allen Soil and Water Conservation District, Allen County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 the Ohio Department of Agriculture, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2019 and 2018, 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 each fund, and related notes of the Allen Soil and Water Conservation District, Allen County, Ohio as of and for the years ended December 31, 2019 and 2018, in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

Emphasis of Matter

As discussed in Note 8 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will 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 May 22, 2020, 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.



Charles E. Harris & Associates, Inc.
May 22, 2020

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

	District Fund	Special Fund	Other Funds	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	\$ -	\$ 392,620	\$ -	\$ 392,620
State Government	60,000	248,109	345,000	653,109
Sale of Products/Materials	23,995	-	-	23,995
Farm Harvest Income	30,597	-	-	30,597
All Other Revenue	24,984	13,826	1,483	40,293
<i>Total Cash Receipts</i>	<u>139,576</u>	<u>654,555</u>	<u>346,483</u>	<u>1,140,614</u>
Cash Disbursements				
Salaries	-	278,594	-	278,594
Supplies	12,423	-	-	12,423
Equipment	48,863	-	-	48,863
Contract Repairs	2,635	-	-	2,635
Contract Services/Cost Share Payment	11,237	103,862	-	115,099
Rentals	-	24,500	-	24,500
Service Fees	13,173	-	-	13,173
Information and Education	5,393	-	-	5,393
Travel and Expenses	9,534	3,635	-	13,169
Advertising and Printing	27,792	-	-	27,792
OPERS	-	37,843	-	37,843
Worker's Compensation	-	2,336	-	2,336
Hospitalization	-	27,159	-	27,159
Medicare	-	3,913	-	3,913
Product/Materials for Resale	13,664	-	-	13,664
Vehicle Rental/Liability Insurance	3,137	3,683	-	6,820
Annual Meeting/Banquet	237	-	-	237
Other	63,770	1,842	-	65,612
<i>Total Cash Disbursements</i>	<u>211,858</u>	<u>487,367</u>	<u>-</u>	<u>699,225</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(72,282)	167,188	346,483	441,389
Other Financing Receipts (Disbursements)				
Transfers In	71,572	-	-	71,572
Transfers Out	-	(71,572)	-	(71,572)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>71,572</u>	<u>(71,572)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(710)	95,616	346,483	441,389
<i>Fund Cash Balances, January 1</i>	<u>87,614</u>	<u>357,136</u>	<u>-</u>	<u>444,750</u>
Fund Cash Balances, December 31				
Restricted	-	-	346,483	346,483
Committed	-	342,000	-	342,000
Assigned	-	30,820	-	30,820
Unassigned	87,084	79,752	-	166,836
<i>Fund Cash Balances, December 31</i>	<u>\$ 87,084</u>	<u>\$ 452,572</u>	<u>\$ 346,483</u>	<u>\$ 886,139</u>

See accompanying notes to the financial statements

Allen Soil & Water Conservation District

Allen County

Notes to the Financial Statements

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 Allen Soil & Water Conservation District, Allen 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 and protection of water resources with emphases on the Phase II Stormwater mandate. The District receives funds from the County Commissioners, City of Lima, Village of Elida, American Township, Bath Township, Jackson Township, Shawnee Township, Perry Township, Marion Township, Richland Township, Spencer Township and Sugar Creek Township. These funds are matchable by the Ohio Soil and Water Conservation Commission (OSWCC) and are used to provide local leadership in the conservation of natural resources, stewardship of agricultural land and protect water resources through Phase II Stormwater Services.

Public Entity Risk Pool

The District participates in the County Risk Sharing Authority of Ohio (CORSA), a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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: We received funds from the OFSWCD for the Funding of a Western Lake Erie Basin (WLEB) Multi-County Nutrient Management Employee.

Allen Soil & Water Conservation District
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 2019 budgetary activity appears in Note 3.

Deposits and Investments

The [Allen] 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 Allen County. Rachael S. Gilroy, Allen County Auditor. Address: 301 North Main Street, Lima, Ohio 45801, Phone Number: 419-223-8520 Email: allenauditor@allencountyohio.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.

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.

Allen Soil & Water Conservation District

Allen County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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. The Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the Special Fund.

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.

Allen Soil & Water Conservation District
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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	\$589,406	\$654,555	\$65,149

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$590,226	\$559,119	\$31,107

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$87,084
Certificates of deposit	145,000
Other time deposits (savings and NOW accounts)	201,483
County Treasurer Deposits	452,572
Total deposits	\$886,139

Deposits

Deposits JP Morgan Chase Bank and Citizens National Bank are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District; 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.

Allen Soil & Water Conservation District

Allen County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 5 – Risk Management

The County 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 County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 to \$25,000 deductible. Coverage provided by CORSA is as follows: General Liability \$1,000,000 Excess Liability \$ 9,000,000 Law Enforcement Professional Liability \$ 1,000,000 Public Officials Errors and Omissions Liability \$ 1,000,000 Privacy and Security Liability \$ 1,000,000 Automobile Liability \$ 1,000,000 Uninsured Motorists Liability \$ 250,000 Building and Contents \$ 308,613,090 Other Property Insurance Automobile Physical Damage Actual Cash Value or Cost Flood and Earthquake \$ 100,000,000 Comprehensive Boiler and Machinery \$ 100,000,000 Crime Insurance Faithful Performance \$ 1,000,000 Money and Securities \$ 1,000,000 Depositor's Forgery \$ 1,000,000 Money Order and Counterfeit Paper \$1,000,000. There has been no significant reduction in insurance coverage from 2018 and settled claims have not exceeded this coverage in the past three years.

Workers' Compensation

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

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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.

Allen Soil & Water Conservation District
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Allen Soil and Water Conservation District
Allen County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2018

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$ -	\$ 363,400	\$ 363,400
State Government	-	255,448	255,448
Sale of Products/Materials	28,250	-	28,250
Farm Harvest Income	32,867	-	32,867
All Other Revenue	62,211	10,458	72,669
<i>Total Cash Receipts</i>	<u>123,328</u>	<u>629,306</u>	<u>752,634</u>
Cash Disbursements			
Salaries	-	252,135	252,135
Supplies	5,392	-	5,392
Equipment	11,527	-	11,527
Contract Repairs	1,799	-	1,799
Contract Services/Cost Share Payment	18,772	44,981	63,753
Rentals	-	24,500	24,500
Service Fees	16,228	-	16,228
Information and Education	4,614	-	4,614
Travel and Expenses	15,802	3,835	19,637
Advertising and Printing	50,712	-	50,712
OPERS	-	35,019	35,019
Worker's Compensation	-	2,483	2,483
Hospitalization	-	26,564	26,564
Medicare	-	3,501	3,501
Product/Materials for Resale	17,603	-	17,603
Vehicle Rental/Liability Insurance	5,430	2,831	8,261
Annual Meeting/Banquet	251	-	251
Other	41,749	1,840	43,589
<i>Total Cash Disbursements</i>	<u>189,879</u>	<u>397,689</u>	<u>587,568</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(66,551)	231,617	165,066
Other Financing Receipts (Disbursements)			
Transfers In	93,528	-	93,528
Transfers Out	-	(93,528)	(93,528)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>93,528</u>	<u>(93,528)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	26,977	138,089	165,066
<i>Fund Cash Balances, January 1</i>	<u>60,637</u>	<u>219,047</u>	<u>279,684</u>
Fund Cash Balances, December 31			
Committed	-	293,527	293,527
Assigned	-	36,775	36,775
Unassigned	87,614	26,834	114,448
<i>Fund Cash Balances, December 31</i>	<u>\$ 87,614</u>	<u>\$ 357,136</u>	<u>\$ 444,750</u>

See accompanying notes to the financial statements

Allen Soil & Water Conservation District

Allen County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Allen Soil & Water Conservation District, Allen 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 and protection of water resources with emphases on the Phase II Stormwater mandate. The District receives funds from the County Commissioners, City of Lima, Village of Elida, American Township, Bath Township, Jackson Township, Shawnee Township, Perry Township, Marion Township, Richland Township, Spencer Township and Sugar Creek Township. These funds are matchable by the Ohio Soil and Water Conservation Commission (OSWCC) and are used to provide local leadership in the conservation of natural resources, stewardship of agricultural land and protect water resources through Phase II Stormwater Services.

Public Entity Risk Pool

The District participates in the County Risk Sharing Authority of Ohio (CORSA), a public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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:

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

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Funds: We received funds from the OFSWCD for the Funding of a Western Lake Erie Basin (WLEB) Multi-County Nutrient Management Employee.

Allen Soil & Water Conservation District
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 2018 budgetary activity appears in Note 3.

Deposits and Investments

The [Allen] 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 Allen County. Rachael S. Gilroy, Allen County Auditor. Address: 301 North Main Street, Lima, Ohio 45801, Phone Number: 419-223-8520 Email: allenauditor@allencountyohio.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.

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.

Allen Soil & Water Conservation District
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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. The Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the Special Fund.

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.

Allen Soil & Water Conservation District
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$586,436	\$629,306	\$42,870

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$577,123	\$491,217	\$85,906

Note 4 – Deposits and Investments

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

Demand Deposits	\$ 87,614
County Treasurer Deposits	<u>357,136</u>
Total Deposits	<u>\$ 444,750</u>

Deposits

Deposits JP Morgan Chase Bank and Citizens National Bank are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District; 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.

Note 5 – Risk Management

The County 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 2018, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 to \$25,000 deductible. Coverage provided by CORSA is as follows: General Liability \$1,000,000 Excess Liability \$ 9,000,000 Law Enforcement Professional Liability \$ 1,000,000 Public Officials Errors and Omissions Liability \$ 1,000,000 Privacy and Security Liability \$ 1,000,000 Automobile Liability \$ 1,000,000 Uninsured Motorists Liability \$ 250,000 Building and Contents \$ 308,613,090 Other Property Insurance Automobile Physical Damage Actual Cash Value or Cost Flood and Earthquake \$ 100,000,000 Comprehensive Boiler and Machinery \$ 100,000,000 Crime Insurance Faithful Performance \$ 1,000,000 Money and Securities \$ 1,000,000 Depositor’s Forgery \$ 1,000,000 Money Order and Counterfeit Paper \$1,000,000. There has been no significant reduction in insurance coverage from 2017 and settled claims have not exceeded this coverage in the past three years.

Allen Soil & Water Conservation District

Allen County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Workers' Compensation

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

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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, 2018.

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 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

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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

Allen Soil and Water Conservation District
Allen County
1601 E. 4th Street
Lima, Ohio 45804-2711

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each fund of the Allen County Soil and Water Conservation District, Allen County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 22, 2020, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the financial impact of COVID-19 and the ensuing emergency measures will 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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

However, we noted a certain other matter not requiring inclusion in this report that we reported to management in a separate letter dated May 22, 2020.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
May 22, 2020

OHIO AUDITOR OF STATE KEITH FABER



ALLEN COUNTY SOIL AND WATER CONSERVATION DISTRICT

ALLEN 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 8/27/2020

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