

***DARKE SOIL AND WATER CONSERVATION DISTRICT
DARKE COUNTY***

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019 & 2018





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Board of Supervisors
Darke Soil and Water Conservation District
1117 Southtowne Court
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of the Darke Soil and Water Conservation District, Darke 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 Darke Soil and Water Conservation District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 23, 2020

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**DARKE SOIL AND WATER CONSERVATION DISTRICT
DARKE COUNTY
REGULAR AUDIT
For Years Ending December 31, 2019 and 2018**

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INDEPENDENT AUDITOR'S REPORT

Darke Soil and Water Conservation District
Darke County
1117 Southtowne Court
Greenville, Ohio 45331

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 Darke Soil and Water Conservation District, Darke 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 Darke Soil and Water Conservation District, Darke 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 9 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 opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 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.
June 23, 2020

Darke Soil and Water Conservation District
Darke 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 | Totals (Memorandum Only) |
|------------------------------------------------------|------------------|-----------------|--------------------------------|
| Cash Receipts | | | |
| Grants | | | |
| Local Government | \$ - | \$ 173,779 | \$ 173,779 |
| State Government | 2,697 | 137,656 | 140,353 |
| Federal Government | - | 21,400 | 21,400 |
| Gifts and Contributions | 9,125 | - | 9,125 |
| Sale of Products/Materials | 17,572 | - | 17,572 |
| Rentals | 22,206 | - | 22,206 |
| All Other Revenue | 142 | 18,117 | 18,259 |
| <i>Total Cash Receipts</i> | <u>51,741</u> | <u>350,952</u> | <u>402,693</u> |
| Cash Disbursements | | | |
| Salaries | - | 230,404 | 230,404 |
| Supplies | 1,316 | 2,573 | 3,889 |
| Equipment | 15,127 | 896 | 16,024 |
| Contract Services/Cost Share Payment | 5,233 | - | 5,233 |
| Rentals | 6,853 | 19,271 | 26,124 |
| Service Fees | 4,977 | 10,168 | 15,145 |
| Information and Education | 15,772 | 282 | 16,053 |
| Travel and Expenses | 405 | 2,254 | 2,659 |
| Advertising and Printing | 1,006 | - | 1,006 |
| OPERS | - | 32,295 | 32,295 |
| Worker's Compensation | - | 2,575 | 2,575 |
| Hospitalization | 6,112 | 24,057 | 30,169 |
| Medicare | - | 3,341 | 3,341 |
| Product/Materials for Resale | 13,625 | - | 13,625 |
| Vehicle Rental/Liability Insurance | 1,290 | 2,383 | 3,673 |
| <i>Total Cash Disbursements</i> | <u>71,718</u> | <u>330,497</u> | <u>402,215</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (19,977) | 20,455 | 478 |
| <i>Fund Cash Balances, January 1</i> | <u>167,404</u> | <u>20,017</u> | <u>187,421</u> |
| Fund Cash Balances, December 31 | | | |
| Assigned | 143,286 | 26,968 | 170,253 |
| Unassigned (Deficit) | 4,142 | 13,504 | 17,646 |
| <i>Fund Cash Balances, December 31</i> | <u>147,428</u> | <u>40,471</u> | <u>187,899</u> |

See accompanying notes to the financial statements

Darke Soil and Water Conservation District

Darke 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 Darke Soil & Water Conservation District, Darke 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.

Public Entity Risk Pool

The District participates in the County Risk Sharing Authority of Ohio (CORSA), a public entity risk pool. Note 6 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.

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.

Darke Soil and Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Budgetary Process

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

Appropriations

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

Estimated Resources

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Darke 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 Darke County Treasurer Scott J. Zumbrink, 504 S. Broadway, Greenville, OH 45331.

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. Accrual leaves is shown on monthly reports and in assigned funds on the Cash Basis Report.

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.

Darke Soil and Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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.

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2019 follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|-----------|-----------|----------|
| | Budgeted | Actual | |
| Fund | Receipts | Receipts | Variance |
| Special | \$327,112 | \$350,952 | \$23,840 |

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|---------------|--------------|----------|
| | Appropriation | Budgetary | |
| Fund | Authority | Expenditures | Variance |
| Special | \$347,129 | \$330,497 | \$16,631 |

Darke Soil and Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

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

| | |
|---------------------------|-------------------------|
| | <u>2019</u> |
| Demand deposits | <u>\$147,428</u> |
| County Treasurer deposits | <u>40,471</u> |
| Total deposits | <u><u>\$187,899</u></u> |

Deposits: 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 County is responsible for collateral on their deposits.

Note 5 – Interfund Balances

There were no outstanding advances at December 31, 2019.

Note 6 – Risk Management

Workers' Compensation

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine Coverage
- Acts of Terrorism; and
- Errors and omissions.

The District has not reduced coverage from last year. Settlement amounts did not exceed insurance coverage for the past two years.

Darke Soil and Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 6 – Risk Management – (Continued)

The County is insured through CORSA for the following risks:

Who We are

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

History of CORSA

In 1982, the Ohio Supreme Court abolished sovereign immunity for all public entities in Ohio. The loss of sovereign immunity was compounded by the liability insurance crisis facing public entities, both in Ohio and across the country. Many insurance companies made the decision to stop writing liability insurance for public entities, and as a result, liability insurance for counties was either unavailable or unaffordable.

The CCAO formed a committee to address the issues of the loss of both sovereign immunity and liability insurance. Legislation was enacted that restored much of the immunity taken away by the courts, and separate legislation was also enacted which enabled political subdivisions to form risk sharing pools such as CORSA. In May, 1987, during the CCAO Summer Conference at Kings Island, nine counties, who are known as the “brave nine counties” took a giant leap of faith and made a ten year commitment to a bond debt that was used to provide excess liability coverage, and established CORSA.

CORSA Today

Now provides property and liability coverage and risk management services to 65 counties and thirty-two county-affiliated public entities. CORSA is a success story for intergovernmental relations, as members have joined together to provide greater value to their constituents. Much has changed since May 12, 1987. However, CORSA’s commitment to be the leader in providing members with broad protection and state of the art risk management services at stable and competitive costs remains unchanged.

Medical and Life Insurance

The District provides employee health care coverage through Anthem Blue Cross Blue Shield with a Lumenos Health Savings Accounts (with Copay) Option E2 with Rx Option 9, Blue 6. The individual plan offers a calendar year \$3,000 deductible and \$4,000 out of pocket maximum.

The District provides employee Life and ADD Coverage at \$30,000 each through Dearborn National Life Insurance Company.

Darke Soil and Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – 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.

Darke Soil and Water Conservation District
Darke 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 | \$ - | \$ 192,079 | \$ 192,079 |
| State Government | - | 132,003 | 132,003 |
| Federal Government | 9,391 | 21,400 | 30,791 |
| Gifts and Contributions | 6,827 | - | 6,827 |
| Sale of Products/Materials | 13,979 | - | 13,979 |
| Rentals | 6,142 | - | 6,142 |
| All Other Revenue | 1,357 | 14,479 | 15,836 |
| <i>Total Cash Receipts</i> | <u>37,696</u> | <u>359,961</u> | <u>397,657</u> |
| Cash Disbursements | | | |
| Salaries | - | 253,696 | 253,696 |
| Supplies | 692 | 2,646 | 3,338 |
| Equipment | 2,094 | 154 | 2,248 |
| Contract Services/Cost Share Payment | 4,931 | - | 4,931 |
| Rentals | 6,853 | 18,316 | 25,169 |
| Service Fees | 7,082 | 8,079 | 15,161 |
| Information and Education | 5,095 | 434 | 5,529 |
| Travel and Expenses | 1,012 | 2,778 | 3,790 |
| Advertising and Printing | 1,063 | 2,161 | 3,224 |
| OPERS | - | 35,480 | 35,480 |
| Worker's Compensation | - | 3,219 | 3,219 |
| Hospitalization | 3,642 | 25,990 | 29,632 |
| Medicare | - | 3,679 | 3,679 |
| Product/Materials for Resale | 6,425 | - | 6,425 |
| Vehicle Rental/Liability Insurance | 1,269 | 2,383 | 3,652 |
| Other | 16,996 | - | 16,996 |
| <i>Total Cash Disbursements</i> | <u>57,154</u> | <u>359,015</u> | <u>416,169</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (19,458) | 946 | (18,512) |
| <i>Fund Cash Balances, January 1</i> | <u>186,862</u> | <u>19,071</u> | <u>205,933</u> |
| Fund Cash Balances, December 31 | | | |
| Assigned | 164,786 | - | 164,786 |
| Unassigned (Deficit) | <u>2,618</u> | <u>20,017</u> | <u>22,635</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 167,404</u> | <u>\$ 20,017</u> | <u>\$ 187,421</u> |

See accompanying notes to the financial statements

Darke Soil & Water Conservation District

Darke 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 Darke Soil & Water Conservation District, Darke 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.

Jointly Governed Organization and Public Entity Risk Pools

The District participates in jointly governed organizations and a public entity risk pool. Note 6 and Note 9 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

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District Fund

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

Basis of Accounting

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

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

Darke Soil & Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Budgetary Process

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

Appropriations

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

Estimated Resources

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Darke 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 Darke County Treasurer Scott J. Zumbrink, 504 S. Broadway, Greenville, OH 45331.

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Accumulated Leave

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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.

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.

Darke Soil & Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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.

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2018 follows:

| 2018 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|-------------------|-----------------|----------|
| Fund | Budgeted Receipts | Actual Receipts | Variance |
| Special | \$351,492 | \$359,961 | \$8,469 |

| 2018 Budgeted vs. Actual Budgetary Basis Disbursements | | | |
|--------------------------------------------------------|-------------------------|-------------------------|----------|
| Fund | Appropriation Authority | Budgetary Disbursements | Variance |
| Special | \$370,563 | \$359,015 | \$11,548 |

Darke Soil & Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

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

| | |
|---------------------------|------------------|
| | <u>2018</u> |
| Demand deposits | \$167,404 |
| County Treasurer deposits | 20,017 |
| Total deposits | <u>\$187,421</u> |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool. The County is responsible for collateral on their deposits.

Note 5 - Interfund Balances

There were no outstanding advances at December 31, 2018.

Note 6 - Risk Management

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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine Coverage
- Acts of Terrorism; and
- Errors and omissions.

The District has not reduced coverage from last year. Settlement amounts did not exceed insurance coverage for the past two years.

Darke Soil & Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 6 - Risk Management – (Continued)

The County is insured through CORSA for the following risks:

Who We are

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

History of CORSA

In 1982, the Ohio Supreme Court abolished sovereign immunity for all public entities in Ohio. The loss of sovereign immunity was compounded by the liability insurance crisis facing public entities, both in Ohio and across the country. Many insurance companies made the decision to stop writing liability insurance for public entities, and as a result, liability insurance for counties was either unavailable or unaffordable.

The CCAO formed a committee to address the issues of the loss of both sovereign immunity and liability insurance. Legislation was enacted that restored much of the immunity taken away by the courts, and separate legislation was also enacted which enabled political subdivisions to form risk sharing pools such as CORSA. In May, 1987, during the CCAO Summer Conference at Kings Island, nine counties, who are known as the “brave nine counties” took a giant leap of faith and made a ten year commitment to a bond debt that was used to provide excess liability coverage, and established CORSA.

CORSA Today

Now provides property and liability coverage and risk management services to 65 counties and thirty-two county-affiliated public entities. CORSA is a success story for intergovernmental relations, as members have joined together to provide greater value to their constituents. Much has changed since May 12, 1987. However, CORSA’s commitment to be the leader in providing members with broad protection and state of the art risk management services at stable and competitive costs remains unchanged.

Medical and Life Insurance

The District provides employee health care coverage through Anthem Blue Cross Blue Shield with a Lumenos Health Savings Accounts Option E2 with Rx Option 9.. The individual plan offers a calendar year \$4,000 deductible and \$8,000 out of pocket maximum.

The District provides employee Life and ADD Coverage at \$30,000 each through Dearborn National Life Insurance Company.

Darke Soil & Water Conservation District

Darke County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 0 percent of the employer contribution to fund these benefits.

Note 9 - Jointly Governed Organizations

The Stillwater Watershed Project, Inc. was incorporated on April 6, 2000 by the Darke and Miami Soil and Water Conservation Districts. The mission of the Stillwater Watershed Project, defined as a voluntary program, is committed to protecting and enhancing the ground and surface water resource base of the entire Stillwater River Watershed within Darke and Miami Counties. Due to inactivity, this board dissolved on April 12, 2018.

The Loramie Valley Alliance Joint Board of Supervisors was formed on with the following districts: Auglaize, Darke, Mercer, Shelby. The purpose is watershed scale conservation planning and advisement. The Loramie Valley Alliance has been inactive and formally dissolved in the first quarter of 2018.

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

Darke Soil and Water Conservation District
Darke County
1117 Southtowne Court
Greenville, Ohio 45331

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 Darke Soil and Water Conservation District, Darke 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 June 23, 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*.

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.
June 23, 2020

OHIO AUDITOR OF STATE KEITH FABER



DARKE COUNTY SOIL AND WATER CONSERVATION DISTRICT

DARKE 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 8/4/2020

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