

***LOGAN SOIL AND WATER CONSERVATION
DISTRICT***

LOGAN COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Supervisors
Logan County Soil and Water Conservation District
324 County Road 11
Bellefontaine, Ohio 43311

We have reviewed the *Independent Auditor's Report* of the Logan County Soil and Water Conservation District, Logan 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 Logan County 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

September 2, 2020

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**LOGAN SOIL AND WATER CONSERVATION DISTRICT
LOGAN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Logan Soil and Water Conservation District
Logan County
324 County Road 11
Bellefontaine, Ohio 43311

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 Logan Soil and Water Conservation District, Logan 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 Logan Soil and Water Conservation District, Logan 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 July 14, 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.
July 14, 2020

Logan Soil and Water Conservation District
Logan 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	\$ -	\$ 110,000	\$ 110,000
State Government	-	98,521	98,521
Gifts and Contributions	1,872	-	1,872
Sale of Products/Materials	12,849	-	12,849
Rentals	3,000	-	3,000
All Other Revenue	4,487	-	4,487
<i>Total Cash Receipts</i>	<u>22,208</u>	<u>208,521</u>	<u>230,729</u>
Cash Disbursements			
Salaries	-	110,689	110,689
Supplies	5	783	788
Equipment	43	11,034	11,077
Contract Repairs	58	-	58
Contract Services/Cost Share Payment	-	4,576	4,576
Rentals	-	5,026	5,026
Service Fees	325	-	325
Information and Education	5,229	250	5,479
Travel and Expenses	-	420	420
Advertising and Printing	670	-	670
OPERS	-	15,463	15,463
Worker's Compensation	-	1,660	1,660
Hospitalization	-	5,914	5,914
Medicare	-	1,553	1,553
Product/Materials for Resale	11,488	-	11,488
Annual Meeting/Banquet	345	-	345
Other	1,883	14,502	16,385
<i>Total Cash Disbursements</i>	<u>20,046</u>	<u>171,870</u>	<u>191,916</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	2,162	36,651	38,813
<i>Fund Cash Balances, January 1</i>	<u>137,848</u>	<u>95,104</u>	<u>232,952</u>
Fund Cash Balances, December 31			
Committed	12,334	-	12,334
Assigned	-	40,750	40,750
Unassigned	127,676	91,005	218,681
<i>Fund Cash Balances, December 31</i>	<u>\$140,010</u>	<u>\$131,755</u>	<u>\$271,765</u>

See accompanying notes to the financial statements

Logan Soil and Water Conservation District

Logan 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 Logan Soil and Water Conservation District, Logan 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 Organizations and Public Entity Risk Pools

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

The District participates in a jointly governed organization, the Indian Lake Watershed Project Joint Board of Supervisors. Note 8 to the financial statements provide 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.

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Logan 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 Logan County Treasurer, Rhonda Stafford. Their office is located at 100 S. Madriver Street Bellefontaine, Ohio 43311 937.599.7226.

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. Accrual leave is shown on monthly reports and in assigned funds on the Cash Basis Combined Statement.

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.

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the special and district funds report all fund balances as *assigned* unless they are restricted or committed. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute. The District may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue 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			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$211,500	\$208,521	(\$2,979)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$215,436	\$171,870	\$43,566

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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 Logan 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	\$ 34,689
Certificates of deposit	51,747
Other time deposits (savings and NOW accounts)	53,474
County Treasurer deposits	131,755
Cash (change fund)	100
Total deposits	<u>\$ 271,765</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation. The County is responsible for properly collateralizing any deposits in the County Treasury.

Note 5 – Risk Management

Workers' Compensation

For 2019, the District participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 5 – Risk Management (Continued)

Commercial Insurance

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the District participated with the County which contracted with the County Risk Sharing Authority for insurance coverage.

Coverage provided was as follows:

Property \$163,517,774

General Liability 1,000,000

Excess Liability 5,000,000

Automobile Liability 1,000,000

Law Enforcement Liability 1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2018 and settled claims have not exceeded this coverage in the past three years.

B. Medical and Life Insurance

For 2019, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. Premiums charged by CEBCO are based upon the County's claims experience. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

Risk Pool Membership

A. County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among sixty-one counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 5 – Risk Management (Continued)

Risk Pool Membership (Continued)

B. County Commissioners Association of Ohio Service Corporation

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as an insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and the treasurer of the CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year and each elected member shall be a county commissioner.

C. County Employee Benefits Consortium of Ohio, Inc.

The County participates with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed cost of the consortium.

The business and affairs of the consortium are managed by a board of not less than nine or more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the board of directors of the CCAO and another is required to be a board member of the County Risk Sharing Authority, Inc.

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.

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 7 – Postemployment Benefits

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

Note 8 – Jointly Governed Organizations

The Indian Lake Watershed Project Joint Board of Supervisors was formed in 1990 with the following Districts: Logan, Hardin, and Auglaize. The Indian Lake Watershed Project has made significant water quality improvements in its 29-year existence and continues to further reduce sedimentation; thus, reducing streambank and shoreline erosion of this important watershed for Indian Lake.

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.

Logan Soil and Water Conservation District
Logan 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	\$ -	\$ 102,500	\$ 102,500
State Government	15,000	87,611	102,611
Gifts and Contributions(General Unrestricted Grants)	31,207	-	31,207
Sale of Products/Materials	23,942	-	23,942
Rentals	2,540	-	2,540
All Other Revenue	15,756	1,782	17,538
<i>Total Cash Receipts</i>	<u>88,445</u>	<u>191,893</u>	<u>280,338</u>
Cash Disbursements			
Salaries	-	125,718	125,718
Supplies	538	339	877
Equipment	138	2,413	2,551
Contract Repairs	115	-	115
Contract Services/Cost Share Payment	15,000	5,252	20,252
Rentals	-	8,546	8,546
Service Fees	325	-	325
Information and Education	29,747	-	29,747
Travel and Expenses	220	500	720
Advertising and Printing	1,592	-	1,592
OPERS	-	17,019	17,019
Worker's Compensation	-	1,094	1,094
Hospitalization	-	8,523	8,523
Medicare	-	1,783	1,783
Product/Materials for Resale	21,495	-	21,495
Annual Meeting/Banquet	452	-	452
Other	1,684	7,865	9,549
<i>Total Cash Disbursements</i>	<u>71,306</u>	<u>179,052</u>	<u>250,358</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	17,139	12,841	29,980
Other Financing Receipts (Disbursements)			
Transfers In	-	11,000	11,000
Transfers Out	(11,000)	-	(11,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,000)</u>	<u>11,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	6,139	23,841	29,980
<i>Fund Cash Balances, January 1</i>	<u>131,709</u>	<u>71,263</u>	<u>202,972</u>
Fund Cash Balances, December 31			
Committed	15,615	-	15,615
Assigned	-	43,815	43,815
Unassigned	122,233	51,289	173,522
<i>Fund Cash Balances, December 31</i>	<u>\$ 137,848</u>	<u>\$ 95,104</u>	<u>\$ 232,952</u>

See accompanying notes to the financial statements

Logan Soil and Water Conservation District

Logan 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 Logan Soil and Water Conservation District, Logan 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 Organizations and Public Entity Risk Pools

The District participates in a jointly governed organization. This organization is presented in Note 8 to the financial statements.

The District participates in certain organizations which are defined as insurance risk pools. These organizations are presented in Note 5 to the financial statements.

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.

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Logan 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 Logan County Treasurer, Dara Wren. Their office is located at 100 S. Madriver Street Bellefontaine, Ohio 43311 937.599.7223.

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. Accrual leave is shown on monthly reports and in assigned funds on the Cash Basis Combined Statement.

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:

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 District may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue 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	\$207,428	\$202,893	(\$4,535)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$265,692	\$179,052	\$86,640

Logan Soil and Water Conservation District

Logan 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 Logan County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$33,281
Certificates of deposit	51,089
Other time deposits (savings and NOW accounts)	53,378
County Treasurer Deposits	95,104
Cash (change fund)	100
Total deposits	<u>\$232,952</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by the financial institution's public entity deposit pool. The County is responsible for properly collateralizing any deposits in the County Treasury.

Note 5 – Risk Management

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the District participated with the County which contracted with the County Risk Sharing Authority for insurance coverage.

Coverage provided was as follows:

Property \$163,517,774

General Liability 1,000,000

Excess Liability 5,000,000

Automobile Liability 1,000,000

Law Enforcement Liability 1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2017 and settled claims have not exceeded this coverage in the past three years.

B. Workers Compensation

For 2018, the District participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 5 – Risk Management (Continued)

B. Workers Compensation (Continued)

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

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

C. Medical and Life Insurance

For 2018, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. Premiums charged by CEBCO are based upon the County's claims experience. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

Risk Pool Membership

A. County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA), is a jointly governed organization among sixty-one counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

B. County Commissioners Association of Ohio Service Corporation

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as an insurance purchasing pool.

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 5 – Risk Management (Continued)

B. County Commissioners Association of Ohio Service Corporation (Continued)

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and the treasurer of the CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year and each elected member shall be a county commissioner.

C. County Employee Benefits Consortium of Ohio, Inc.

The County participates with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis, the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed cost of the consortium.

The business and affairs of the consortium are managed by a board of not less than nine or more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the board of directors of the CCAO and another is required to be a board member of the County Risk Sharing Authority, Inc.

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, and 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.

Logan Soil and Water Conservation District

Logan County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 8 – Jointly Governed Organizations

The Indian Lake Watershed Project Joint Board of Supervisors was formed in 1990 with the following Districts: Logan, Hardin, and Auglaize. The Indian Lake Watershed Project has made significant water quality improvements in its 28-year existence and continues to further reduce sedimentation; thus, reducing streambank and shoreline erosion of this important watershed for Indian Lake.

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

Logan Soil and Water Conservation District
Logan County
324 County Road 11
Bellefontaine, Ohio 43311

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 Logan Soil and Water Conservation District, Logan 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 July 14, 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 the District's management in a separate letter dated July 14, 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.
July 14, 2020

OHIO AUDITOR OF STATE KEITH FABER



LOGAN COUNTY SOIL AND WATER CONSERVATION DISTRICT

LOGAN 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 9/15/2020

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