

***SHELBY COUNTY SOIL AND WATER  
CONSERVATION DISTRICT***

***SHELBY COUNTY, OHIO***

**REGULAR AUDIT**

**For the Years Ended December 31, 2019 and 2018**







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Columbus, Ohio 43215  
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Board of Supervisors  
Shelby Soil and Water Conservation District  
822 Fair Road  
Sidney, Ohio 45365

We have reviewed the *Independent Auditor's Report* of the Shelby Soil and Water Conservation District, Shelby 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 Shelby 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 4, 2020

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**SHELBY SOIL AND WATER CONSERVATION DISTRICT  
SHELBY COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Shelby County Soil and Water Conservation District  
Shelby County  
822 Fair Road  
Sidney, Ohio 45365

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 Shelby County Soil and Water Conservation District, Shelby 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 Shelby County Soil and Water Conservation District, Shelby 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 21, 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 21, 2020



**Shelby Soil and Water Conservation District**  
*Shelby 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)
<b>Cash Receipts</b>			
Grants			
Local Government	\$ -	\$ 190,000	\$ 190,000
State Government	20,000	148,049	168,049
Gifts and Contributions	5,737	-	5,737
Sale of Products/Materials	4,917	-	4,917
All Other Revenue	4,296	391	4,687
<i>Total Cash Receipts</i>	<u>34,950</u>	<u>338,440</u>	<u>373,390</u>
<b>Cash Disbursements</b>			
Salaries	-	177,277	177,277
Supplies	1,734	3,849	5,583
Contract Repairs	-	567	567
Contract Services/Cost Share Payment	1,026	3,116	4,142
Rentals	-	46,998	46,998
Service Fees	35	2,848	2,883
Information and Education	1,385	1,332	2,717
Travel and Expenses	925	3,577	4,502
Advertising and Printing	292	780	1,072
OPERS	-	24,678	24,678
Worker's Compensation	-	724	724
Hospitalization	-	55,432	55,432
Medicare	-	2,469	2,469
Product/Materials for Resale	3,678	-	3,678
Other	-	3,710	3,710
<i>Total Cash Disbursements</i>	<u>9,075</u>	<u>327,357</u>	<u>336,432</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	25,875	11,083	36,958
<i>Fund Cash Balances, January 1</i>	<u>217,880</u>	<u>95,760</u>	<u>313,640</u>
<b>Fund Cash Balances, December 31</b>			
Nonspendable	10,000	-	10,000
Restricted	20,000	-	20,000
Assigned	140,000	-	140,000
Unassigned	73,755	106,843	180,598
<i>Fund Cash Balances, December 31</i>	<u>\$ 243,755</u>	<u>\$ 106,843</u>	<u>\$ 350,598</u>

*The notes to the financial statements are an integral part of this statement.*

# Shelby Soil and Water Conservation District

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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## **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Shelby Soil and Water Conservation District, Shelby 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 Pools***

The District participates in a Public Entity Risk Pool. Note 6 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.

### ***Budgetary Process***

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

## Shelby Soil and Water Conservation District

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

**Appropriations** Budgetary expenditures may not exceed appropriations by the Shelby County Commissioners, 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 Shelby 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 Shelby County. *John Coffield, Treasurer* 129 E Court St, Sidney, OH 45365 (937)498-7281

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.

#### ***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.

**Shelby Soil and Water Conservation District**

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

***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 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$304,000	\$338,440	\$34,440

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$399,760	\$327,357	\$72,403

**Shelby Soil and Water Conservation District**

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**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 Shelby 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	\$143,553
Certificates of deposit	100,202
County Treasurer Deposits	<u>106,843</u>
Total deposits	<u>\$350,598</u>

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

**Note 5 - Interfund Balances**

There were no outstanding advances at December 31, 2019.

**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;
- Vehicles
- Errors and omissions.
- Public Employee Crime and Dishonesty

There has been no significant reduction in insurance coverage from 2019 and settled claims have not exceeded this coverage in the past three years.

***Risk Pool***

***Health Care Benefits***

The District employees receive health care benefits through Shelby County who are participants in the County Employee Benefit Consortium of Ohio (CEBCO). The county pays premiums to CEBCO for employee medical and life insurance. CEBCO is responsible for the management and operations of the program.

**Shelby Soil and Water Conservation District**

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 4 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, 2019.

**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. 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 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.

**Shelby Soil and Water Conservation District**  
*Shelby 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)
<b>Cash Receipts</b>			
Grants			
Local Government	\$ -	\$ 209,766	\$ 209,766
State Government	-	146,311	146,311
Gifts and Contributions	1,260	-	1,260
Sale of Products/Materials	6,253	-	6,253
All Other Revenue	4,830	183	5,013
<i>Total Cash Receipts</i>	<u>12,343</u>	<u>356,260</u>	<u>368,603</u>
<b>Cash Disbursements</b>			
Salaries	-	144,279	144,279
Supplies	786	2,240	3,026
Equipment	-	27,925	27,925
Contract Repairs	-	83	83
Contract Services/Cost Share Payment	1,927	3,515	5,442
Rentals	-	46,998	46,998
Service Fees	-	2,844	2,844
Information and Education	4,166	1,642	5,808
Travel and Expenses	3,817	3,910	7,727
Advertising and Printing	621	175	796
OPERS	-	18,420	18,420
Worker's Compensation	-	1,202	1,202
Hospitalization	-	35,204	35,204
Medicare	-	2,018	2,018
Product/Materials for Resale	6,355	-	6,355
Other	-	3,304	3,304
<i>Total Cash Disbursements</i>	<u>17,672</u>	<u>293,759</u>	<u>311,431</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(5,329)	62,501	57,172
<i>Fund Cash Balances, January 1</i>	<u>223,209</u>	<u>33,259</u>	<u>256,468</u>
<b>Fund Cash Balances, December 31</b>			
Nonspendable	10,000	-	10,000
Assigned	140,000	-	140,000
Unassigned	67,880	95,760	163,640
<i>Fund Cash Balances, December 31</i>	<u>\$ 217,880</u>	<u>\$ 95,760</u>	<u>\$ 313,640</u>

*The notes to the financial statements are an integral part of this statement.*

# Shelby Soil and Water Conservation District

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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## **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Shelby Soil and Water Conservation District, Shelby 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 Pools***

The District participates in a Public Entity Risk Pool. Note 6 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.

### ***Budgetary Process***

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



## Shelby Soil and Water Conservation District

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

**Appropriations** Budgetary expenditures may not exceed appropriations by the Shelby County Commissioners, 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 Shelby 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 Shelby County. *John Coffield, Treasurer* 129 E Court St, Sidney, OH 45365 (937)498-7281

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#### ***Accumulated Leave***

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

#### ***Fund Balance***

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

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***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.

**Shelby Soil and Water Conservation District**

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

***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 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$341,935	\$356,260	\$14,325

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$359,862	\$293,759	\$66,103

**Shelby Soil and Water Conservation District**

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**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 Shelby 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	\$118,767
Certificates of deposit	99,113
County Treasurer Deposits	<u>95,760</u>
Total deposits	<u><u>\$313,640</u></u>

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

**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;
- Vehicles
- Errors and omissions.
- Public Employee Crime and Dishonesty

There has been no significant reduction in insurance coverage from 2019 and settled claims have not exceeded this coverage in the past three years.

***Risk Pool***

***Health Care Benefits***

The District employees receive health care benefits through Shelby County who are participants in the County Employee Benefit Consortium of Ohio (CEBCO). The county pays premiums to CEBCO for employee medical and life insurance. CEBCO is responsible for the management and operations of the program.

**Shelby Soil and Water Conservation District**

*Shelby County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All 4 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. 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 percent during calendar year 2018.

**Note 9 - Jointly Governed Organizations**

The Loramie Valley Alliance Joint Board of Supervisors was officially dissolved in the 1<sup>st</sup> quarter of 2018. No business was conducted in 2018.

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

Shelby County Soil and Water Conservation District  
Shelby County  
822 Fair Road  
Sidney, Ohio 45365

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 Shelby County Soil and Water Conservation District, Shelby 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 21, 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.

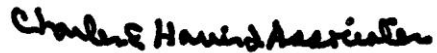
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies 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.**  
July 21, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**SHELBY COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**SHELBY 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 9/17/2020**

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