

***PERRY SOIL AND WATER
CONSERVATION DISTRICT***

PERRY COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





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Board of Supervisors
Perry County Sewer and Water Conservancy District
109-A East Gay Street
Somerset, Ohio 43783

We have reviewed the *Independent Auditor's Report* of the Perry County Sewer and Water Conservancy District, Perry 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 Perry County Sewer and Water Conservancy 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

June 16, 2020

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**PERRY SOIL AND WATER CONSERVATION DISTRICT
PERRY COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Perry Soil and Water Conservation District
Perry County
109 East Gay Street
Somerset, Ohio 43783

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 Perry Soil and Water Conservation District, Perry 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 by fund type, and related notes of the Perry Soil and Water Conservation District, Perry 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 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 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.
April 15, 2020

Perry Soil and Water Conservation District
Perry 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	\$ 15,000	\$ 103,550	\$ 118,550
State Government	57,631	136,351	193,982
Sale of Products/Materials	6,847	-	6,847
Rentals	1,983	-	1,983
All Other Revenue	29,872	-	29,872
<i>Total Cash Receipts</i>	<u>111,333</u>	<u>239,901</u>	<u>351,234</u>
Cash Disbursements			
Salaries	-	124,598	124,598
Supplies	2,631	1,142	3,773
Equipment	-	32,401	32,401
Contract Repairs	3,698	-	3,698
Contract Services/Cost Share Payment	3,412	36,615	40,027
Rentals	-	7,512	7,512
Service Fees	86	1,537	1,623
Information and Education	1,007	-	1,007
Travel and Expenses	1,395	660	2,055
Advertising and Printing	-	39	39
OPERS	-	17,429	17,429
Worker's Compensation	-	1,614	1,614
Hospitalization	-	39,562	39,562
Medicare	-	1,724	1,724
Product/Materials for Resale	6,178	-	6,178
Vehicle Rental/Liability Insurance	943	1,013	1,956
Annual Meeting/Banquet	754	-	754
Other	37,899	1,811	39,710
<i>Total Cash Disbursements</i>	<u>58,003</u>	<u>267,657</u>	<u>325,660</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	53,330	(27,756)	25,574
<i>Fund Cash Balances, January 1</i>	<u>111,152</u>	<u>91,977</u>	<u>203,129</u>
Fund Cash Balances, December 31			
Restricted	13,503	52,816	66,319
Assigned	48,391	11,404	59,795
Unassigned	102,588	-	102,588
<i>Fund Cash Balances, December 31</i>	<u>\$ 164,482</u>	<u>\$ 64,220</u>	<u>\$ 228,702</u>

See accompanying notes to the financial statements

Perry Soil and Water Conservation District

Perry 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 Perry Soil and Water Conservation District, Perry 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 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 (regulatory cash basis) for all funds.

Fund Accounting

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

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

The Special Fund also lists the revenue and expenses for the ODA Watershed Grant for FY19. The revenue from the ODA Grant is restricted to payroll and benefits expenses for the Watershed Coordinator position.

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

The District Fund also lists the revenue and expenses specific to the ODA Watershed Grant Support for FY19. The revenue was received from the Perry County Commissioners, Licking County Commissioners, Fairfield County Commissioners, Buckeye Lake for Tomorrow and the Buckeye Lake Chamber of Commerce. This revenue was given to the District in support of the ODA Watershed Grant. The expenses include the purchase of fuel, equipment, and training.

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.

Perry Soil and Water Conservation District
Perry 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, function or object level of control, and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Perry 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 Perry County Treasurer, Melissa Walters, 105 North Main Street, P.O. Box 288 New Lexington, Ohio 43764 Telephone: (740) 342-1235.

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 Perry Soil and Water Conservation District owns the following properties:

Glenford Fort Phase I	60.22 acres	Value - \$216,757
Glenford Fort Phase II	6.73 acres & house	Value - 109,564
Gun Club/McLain Property	9.28 acres	Value - \$28,000
Gun Club/Paxton Property	1.75 acres & barn	Value - \$39,000
Gun Club/Benjamin Property	27 acres	Value - \$108,000
Gun Club/Perry County Commissioners	55 acres	Value - 360,000

These properties were purchased using Clean Ohio Greenspace Preservation Grant Funds. These funds are specifically for the preservation of open spaces, protection of sensitive ecological areas, and the enhancement of eco-tourism and outdoor recreation. The property deed restrictions ensure that the properties will be maintained in perpetuity as greenspace to be enjoyed by future generations.

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

The Accumulated Leave Balance at December 31, 2019 for 4 employees is \$12,305.

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.

Perry Soil and Water Conservation District

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Fund Balance

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

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the special and district funds report all fund balances as *assigned* unless they are restricted or committed. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the Special Fund.

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$ 247,549	\$ 239,901	\$ (7,648)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$ 301,656	\$ 267,657	\$ 33,999

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

Note 4 – Deposits

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

	<u>2019</u>
Demand deposits	\$ 9,698
Other time deposits (savings accounts)	154,714
Total deposits	<u>\$ 164,412</u>

The District has \$70 in petty cash for a total carrying balance in the district fund of \$164,482.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – 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 vehicles and coverage for errors and omissions is covered through CORSA.

The District carries a policy through Wichert Insurance to cover the rental equipment and personal property. The personal property is covered for \$21,000 and the rental equipment is covered as follows: 2011 Lime Spreader - \$8,500, No Till Drill - \$15,492, and 2007 Lime Spreader - \$11,500.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There was no significant reduction in coverage from prior years.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Through Perry County, 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.

Perry Soil and Water Conservation District

Perry 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 zero percent during calendar year 2019.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 – Public Entity Risk Pool

Perry County participates in the County Risk Sharing Authority of Ohio (CORSA). As a County department, the Perry Soil and Water Conservation District has insurance coverage for vehicles, general liability for Supervisors and staff, and errors and omissions coverage.

The County Risk Sharing Authority of Ohio was incorporated in 1987 as a not-for-profit corporation. The corporation is governed by a 9 member Board of Directors comprised of County Commissioners from the member counties. Currently, 66 of Ohio's 88 counties participate.

Note 10 – 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.

Perry Soil and Water Conservation District
Perry 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			
Local Government	\$ -	\$ 103,550	\$ 103,550
State Government	69,839	133,419	203,258
Gifts and Contributions	250	-	250
Sale of Products/Materials	5,603	-	5,603
Rentals	2,260	-	2,260
All Other Revenue	28,393	-	28,393
<i>Total Cash Receipts</i>	<u>106,345</u>	<u>236,969</u>	<u>343,314</u>
Cash Disbursements			
Salaries	-	109,617	109,617
Supplies	2,553	955	3,508
Equipment	1,776	-	1,776
Contract Repairs	1,434	-	1,434
Contract Services/Cost Share Payment	3,773	23,365	27,138
Rentals	-	5,048	5,048
Service Fees	607	3,478	4,085
Information and Education	473	-	473
Travel and Expenses	1,550	1,041	2,591
Advertising and Printing	-	148	148
OPERS	-	15,023	15,023
Worker's Compensation	-	1,088	1,088
Hospitalization	-	36,598	36,598
Medicare	-	1,514	1,514
Product/Materials for Resale	3,578	-	3,578
Vehicle Rental/Liability Insurance	1,069	-	1,069
Annual Meeting/Banquet	582	-	582
Other	84,314	1,807	86,121
<i>Total Cash Disbursements</i>	<u>101,709</u>	<u>199,682</u>	<u>301,391</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	4,636	37,287	41,923
<i>Fund Cash Balances, January 1</i>	<u>106,516</u>	<u>54,690</u>	<u>161,206</u>
Fund Cash Balances, December 31			
Restricted	-	33,710	33,710
Assigned	40,453	54,107	94,560
Unassigned	70,699	4,160	74,859
<i>Fund Cash Balances, December 31</i>	<u>\$ 111,152</u>	<u>\$ 91,977</u>	<u>\$ 203,129</u>

See accompanying notes to the financial statements

Perry Soil and water Conservation District
Perry 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 Perry Soil and Water Conservation District, Perry 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.

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

Public Entity Risk Pool

The District participates in the County Risk Sharing Authority of Ohio (CORSA), a public entity risk pool. Note 10 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 (regulatory cash basis) for all funds.

Fund Accounting

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The Special Fund also lists the revenue and expenses for the ODA Watershed Grant for FY18. The revenue from the ODA Grant is restricted to payroll and benefits expenses for the Watershed Coordinator position.

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.

Perry Soil and water Conservation District
Perry 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, function or object level of control, and appropriations may not exceed estimated resources. The Board of Supervisors must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Perry 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 Perry County Treasurer, Melissa Walters, 105 North Main Street, P.O. Box 288 New Lexington, Ohio 43764 Telephone: (740) 342-1235.

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 Perry Soil and Water Conservation District owns the following properties:

Glenford Fort Phase I	60.22 acres	Value - \$216,757
Glenford Fort Phase II	6.73 acres & house	Value - 109,564
Gun Club/McLain Property	9.28 acres	Value - \$28,000
Gun Club/Paxton Property	1.75 acres & barn	Value - \$39,000
Gun Club/Benjamin Property	27 acres	Value - \$108,000
Gun Club/Perry County Commissioners	55 acres	Value - 360,000

These properties were purchased using Clean Ohio Greenspace Preservation Grant Funds. These funds are specifically for the preservation of open spaces, protection of sensitive ecological areas, and the enhancement of eco-tourism and outdoor recreation. The property deed restrictions ensure that the properties will be maintained in perpetuity as greenspace to be enjoyed by future generations.

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

The Accumulated Leave Balance at December 31, 2018 for 3 employees is \$12,010.

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.

Perry Soil and water Conservation District
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Fund Balance

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

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Funds other than the special and district funds report all fund balances as *assigned* unless they are restricted or committed. In the special and district funds, *assigned* amounts represent intended uses established by District Supervisors or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the Special Fund.

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

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

Note 3 – Special Fund Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$ 223,378	\$ 236,969	\$ 13,591

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$ 265,371	\$ 199,682	\$ 65,689

Perry Soil and water Conservation District
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits

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

	2018
Demand deposits	\$ 2,211
Other time deposits (savings account)	108,871
Total deposits	\$ 111,082

The District has \$70 in petty cash for a total district fund cash balance of \$111,152.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – 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 vehicles and coverage for errors and omissions is covered through CORSA.

The District carries a policy through Wichert Insurance to cover the rental equipment and personal property. The personal property is covered for \$21,000 and the rental equipment is covered as follows: 2011 Lime Spreader - \$8,500, No Till Drill - \$15,492, and 2007 Lime Spreader - \$11,500.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There was no significant reduction in coverage from prior years.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Through Perry County 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.

Perry Soil and water Conservation District
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018.

Note 8 – Construction and Contractual Commitments

During 2018, the District incurred expenses associated with a roofing project and an access road project at Glenford Fort. Those expenses amounted to \$72,018. They were paid by the District Fund and are part of this Financial Statement. A percentage of those expenses have been or will be reimbursed to the District from the Clean Ohio Grant funds and the remainder is the District's In-Kind match for the projects.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Public Entity Risk Pool

Perry County participates in the County Risk Sharing Authority of Ohio (CORSA). As a County department, the Perry Soil and Water Conservation District has insurance coverage for vehicles, general liability for Supervisors and staff, and errors and omissions coverage.

The County Risk Sharing Authority of Ohio was incorporated in 1987 as a not-for-profit corporation. The corporation is governed by a 9 member Board of Directors comprised of County Commissioners from the member counties. Currently, 65 of Ohio's 88 counties participate.

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

Perry Soil and Water Conservation District
Perry County
109 East Gay Street
Somerset, Ohio 43783

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 Perry County Soil and Water Conservation District, Perry 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 April 15, 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.

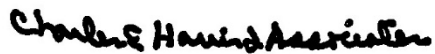
Compliance and Other Matters

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 certain other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 15, 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.
April 15, 2020

OHIO AUDITOR OF STATE KEITH FABER



PERRY COUNTY SOIL AND WATER CONSERVATION DISTRICT

PERRY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 30, 2020**