



**UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Supervisors
Union Soil and Water Conservative District
18000 State Route 4, Suite B
Marysville, Ohio 43040

We have reviewed the *Independent Auditor's Report* of the Union Soil and Water Conservative District, Union County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Union Soil and Water Conservative 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 25, 2020

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**UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY**

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313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

May 20, 2020

Union Soil and Water Conservation District
Union County
18000 State Route 4, Suite B
Marysville, Ohio 43040

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 **Union Soil and Water Conservation District**, Union County, (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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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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 these 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, or 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 of the Union Soil and Water Conservation District, Union County 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 financial statements, during 2019 and 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY**

**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	\$ -	\$ 320,592	\$ 320,592
State Government	800	186,632	187,432
Federal Government	500	15,300	15,800
Gifts and Contributions	1,150	-	1,150
Sale of Products/Materials	6,351	-	6,351
Rentals	11,176	-	11,176
All Other Revenue	13,603	63,102	76,705
<i>Total Cash Receipts</i>	<u>33,580</u>	<u>585,626</u>	<u>619,206</u>
Cash Disbursements			
Salaries	-	289,642	289,642
Supplies	6,291	662	6,953
Equipment	910	3,098	4,008
Contract Services/Cost Share Payment	-	959	959
Rentals	-	24,078	24,078
Service Fees	-	4,601	4,601
Information and Education	1,155	-	1,155
Travel and Expenses	1,993	4,230	6,223
Advertising and Printing	169	1,250	1,419
OPERS	-	40,550	40,550
Worker's Compensation	-	2,852	2,852
Hospitalization	-	67,209	67,209
Medicare	-	3,947	3,947
Product/Materials for Resale	4,297	-	4,297
Vehicle Rental/Liability Insurance	1,618	-	1,618
Annual Meeting/Banquet	1,409	-	1,409
Other	6,386	-	6,386
<i>Total Cash Disbursements</i>	<u>24,228</u>	<u>443,078</u>	<u>467,306</u>
<i>Net Change in Fund Cash Balances</i>	9,352	142,548	151,900
<i>Fund Cash Balances, January 1</i>	<u>78,470</u>	<u>283,470</u>	<u>361,940</u>
Fund Cash Balances, December 31			
Assigned	-	144,205	144,205
Unassigned	87,822	281,813	369,635
<i>Fund Cash Balances, December 31</i>	<u>\$ 87,822</u>	<u>\$ 426,018</u>	<u>\$ 513,840</u>

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

UNION SOIL AND WATER CONSERVATION DISTRICT

UNION 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 Union Soil and Water Conservation District, Union 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, stewardship of agricultural lands and urban lands through education, technical assistance and leadership. The District receives local and state appropriations to provide services that address local resource concerns.

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.

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.

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

The Union 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 Union County Treasurer, Andrew Smarra, 937-645-3085, located at 223 West Sixth Street, Marysville, Ohio, 43040.

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.

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.

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.

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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	\$ 539,637	\$ 585,626	\$ 45,989

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$ 559,830	\$ 443,078	\$ 116,752

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

Demand deposits (District Fund)	2019 \$ 87,822
County Treasurer Deposits (Special Fund)	426,018
Total deposits	\$ 513,840

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or by any agency or instrumentality of the federal government, under provisions of Section 135.181 of the Revised Code.

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

Risk Pool Membership

Union County participates in the County Risk-Sharing Association (CORSA), a property and liability risk sharing pool comprised of sixty-six of Ohio's eighty-eight counties and forty-four multi-county facilities. CORSA was established in 1987, when traditional liability insurance for counties was either unavailable or unaffordable. It is governed by and for counties, to meet the unique needs of county government.

CORSA is a member-owned property and liability risk sharing pool sponsored by the County Commissioners Association of Ohio (CCAO). CORSA operates under the authority granted by Ohio Revised Code Section 2744.081. CORSA provides property and liability coverage and risk management services to 66 counties and 44 county-affiliated public entities.

The District has coverage for general liability and casualty, public official's liability, and vehicles through CORSA. In 2019 the District paid \$1,618.07 for coverage through CORSA.

The District participates in the Union County Health Insurance program called CEBCO which stands for County Employee Benefits Consortium of Ohio. CEBCO is the product of the County Commissioners Association of Ohio (CCAO), developed for Ohio counties in response to a need for stability and cost containment in employee benefits. Founded in 1880, CCAO represents 88 counties working together for a common goal of cost efficient, quality governance to ensure that Ohio's counties remain strong.

CEBCO is a member-owned, not-for-profit, self-insured purchasing pool. Like CORSA, CEBCO offers members stable and competitive costs, financial strength, broad coverage, and a vast array of wellness and health management services that are unlike any other risk sharing pool or insurance company option available to Ohio counties. CCAO launched CEBCO in 2004. The authority for counties to contract and purchase health insurance coverage and to establish and maintain a self-insurance program or joint self-insurance program was already set under ORC Sections 305.171(E) and 9.833.

Union County pays CEBCO a set amount each month for 12 months and CEBCO pays all of the claims on their behalf. Pooling points are established based on the size of the county. There is stop-loss insurance for any claims that exceed \$450,000. In 2019, the District insured 7 employees, 7 of whom took offered insurance, (1) Family, (3) Employee + Children and (3) Single.

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% 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.

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION 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 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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 – Subsequent Events

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 impact on the District's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018**

	District Fund	Special Fund	Rockenbaugh Fund	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	\$ -	\$ 234,572	\$ -	\$ 234,572
State Government	1,650	150,426	-	152,076
Federal Government	9,509	15,300	-	24,809
Gifts and Contributions	420	1,000	-	1,420
Sale of Products/Materials	6,778	-	-	6,778
Rentals	9,107	-	-	9,107
All Other Revenue	17,573	42,950	-	60,523
<i>Total Cash Receipts</i>	<u>45,037</u>	<u>444,248</u>	<u>-</u>	<u>489,285</u>
Cash Disbursements				
Salaries	-	283,156	-	283,156
Supplies	14,340	786	-	15,126
Equipment	1,167	15,761	-	16,928
Contract Services/Cost Share Payment	-	715	-	715
Rentals	-	24,078	-	24,078
Service Fees	-	3,761	-	3,761
Information and Education	598	-	1,650	2,248
Travel and Expenses	707	5,630	-	6,337
OPERS	-	36,530	-	36,530
Worker's Compensation	-	2,711	-	2,711
Hospitalization	-	59,889	-	59,889
Medicare	-	3,266	-	3,266
Product/Materials for Resale	4,678	-	-	4,678
Vehicle Rental/Liability Insurance	1,301	-	-	1,301
Annual Meeting/Banquet	1,566	-	-	1,566
Other	8,111	-	-	8,111
<i>Total Cash Disbursements</i>	<u>32,468</u>	<u>436,283</u>	<u>1,650</u>	<u>470,401</u>
<i>Net Change in Fund Cash Balances</i>	12,569	7,965	(1,650)	18,884
<i>Fund Cash Balances, January 1</i>	<u>65,901</u>	<u>275,505</u>	<u>1,650</u>	<u>343,056</u>
Fund Cash Balances, December 31				
Assigned	-	60,081	-	60,081
Unassigned	78,470	223,389	-	301,859
<i>Fund Cash Balances, December 31</i>	<u>\$ 78,470</u>	<u>\$ 283,470</u>	<u>\$ -</u>	<u>\$ 361,940</u>

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

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION 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 Union Soil and Water Conservation District, Union 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, stewardship of agricultural lands and urban lands through education, technical assistance and leadership. The District receives local and state appropriations to provide services that address local resource concerns.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all funds.

Fund Accounting

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

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

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

Other Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Funds:

The Rockenbaugh Fund consists of donations from individuals made in memory of former staff member John Rockenbaugh. These funds are used as education grants for Union County teachers.

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.

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION 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, 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 Union 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 Union County Treasurer, Andrew Smarra, 937-645-3085, located at 223 West Sixth Street, Marysville, Ohio, 43040.

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 (page 9).

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.

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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	\$ 443,269	\$ 444,248	\$ 979

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$ 527,013	\$ 436,283	\$ 90,730

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 Union 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 (District Fund)	\$ 78,470
County Treasurer Deposits (Special Fund)	283,470
Total deposits	<u>\$ 361,940</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or by any agency or instrumentality of the federal government, under provisions of Section 135.181 of the Revised Code.

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.

Risk Pool Membership

Union County participates in the County Risk-Sharing Association (CORSA), a property and liability risk sharing pool comprised of sixty-six of Ohio's eighty-eight counties and forty multi-county facilities. CORSA was established in 1987, when traditional liability insurance for counties was either unavailable or unaffordable. It is governed by and for counties, to meet the unique needs of county government.

CORSA is a member-owned property and liability risk sharing pool sponsored by the County Commissioners Association of Ohio (CCAO). CORSA operates under the authority granted by Ohio Revised Code Section 2744.081. CORSA provides property and liability coverage and risk management services to 66 counties and 40 county-affiliated public entities.

The District has coverage for general liability and casualty, public official's liability, and vehicles through CORSA. In 2018 the District paid \$1,300.65 for coverage through CORSA.

The District participates in the Union County Health Insurance program called CEBCO which stands for County Employee Benefits Consortium of Ohio. This program is administered by the healthcare division of the County Commissioners Association of Ohio (CCAO). CEBCO is a member-owned, not-for-profit, self-insured purchasing pool. The authority for counties to contract and purchase health insurance coverage has been established in ORC Section 305.171(E), and ORC Section 9.833 subsequently authorized counties to establish and maintain a self-insurance program. Union County pays CEBCO a set amount each month for 12 months and CEBCO pays all of the claims on their behalf. Pooling points are established based on the size of the county. There is stop-loss insurance for any claims that exceed \$450,000. In 2018, the District insured 6 employees, 5 of whom took offered insurance, (1) Family, (3) Employee + Children and (1) Single.

UNION SOIL AND WATER CONSERVATION DISTRICT
UNION COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

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% 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 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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 – Subsequent Events

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 impact on the District's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

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

May 20, 2020

Union Soil and Water Conservation District
Union County
18000 State Route 4, Suite B
Marysville, Ohio 43040

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 Union Soil and Water Conservation District, Union County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 20, 2020, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits and we 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE KEITH FABER



UNION COUNTY SOIL AND WATER CONSERVATION DISTRICT

UNION 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
JULY 9, 2020**