



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WARREN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
WARREN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)-For the Year Ended December 31, 2019.....	3
Notes to the Financial Statements-For the Year Ended December 31, 2019 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)-For the Year Ended December 31, 2018.....	13
Notes to the Financial Statement-For the Year Ended December 31, 2018.....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Warren County Soil and Water Conservation District  
Warren County  
320 East Silver St. Suite 300  
Lebanon, Ohio 45036

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 Warren County Soil and Water Conservation District, Warren 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 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 opinion.

### ***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, 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 Warren County Soil and Water Conservation District, Warren 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 8 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 June 23, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

June 23, 2020

**Warren County Soil and Water Conservation District***Warren 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		565,150	565,150
State Government		248,873	248,873
Gifts and Contributions	2,850		2,850
Sale of Products/Materials	22,426		22,426
Farmland Easement Inspection Income	600		600
Earth Disturbing Fees	46,130		46,130
Workshop Registration Income	353		353
Reimbursements	4,895		4,895
All Other Revenue	53	79	132
<i>Total Cash Receipts</i>	<u>77,307</u>	<u>814,102</u>	<u>891,409</u>
<b>Cash Disbursements</b>			
Salaries		443,560	443,560
Supplies	7,015	9,800	16,815
Equipment		4,397	4,397
Rentals	8,133		8,133
Service Fees	16,151	21,045	37,196
Information and Education	16,748	1,346	18,094
Travel and Expenses	20,247		20,247
Advertising and Printing	2,830		2,830
OPERS		61,232	61,232
Worker's Compensation		2,207	2,207
Hospitalization		60,381	60,381
Medicare		6,301	6,301
Product/Materials for Resale	11,665		11,665
Vehicle Rental/Liability Insurance	6,759		6,759
Annual Meeting/Banquet	6,245		6,245
Membership Dues	12,608		12,608
Scholarships	6,375		6,375
Water Trailer Maintenance	833		833
Other	3,617	9,199	12,816
<i>Total Cash Disbursements</i>	<u>119,226</u>	<u>619,468</u>	<u>738,694</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,919)</u>	<u>194,634</u>	<u>152,715</u>
<i>Net Change in Fund Cash Balances</i>	(41,919)	194,634	152,715
<i>Fund Cash Balances, January 1</i>	<u>132,326</u>	<u>161,728</u>	<u>294,054</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	54,347	356,362	410,709
Unassigned (Deficit)	<u>36,059</u>	<u>0</u>	<u>36,059</u>
<i>Fund Cash Balances, December 31</i>	<u>\$90,406</u>	<u>\$356,362</u>	<u>\$446,768</u>

*See accompanying notes to the basic financial statements 3*

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# Warren County Soil & Water Conservation District

Warren 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 Warren County Soil & Water Conservation District, Warren 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 contracts with The Cities of Mason and Lebanon, Township of Deerfield, and The Warren County Engineers to provide NPDES Stormwater Phase II permit requirements.

### ***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

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.

## Warren County Soil & Water Conservation District

Warren County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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

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

A summary of 2019 budgetary activity appears in Note 3.

### ***Deposits and Investments***

The Warren 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 Warren County Treasurer. *Barney Wright 406 Justice Dr. Lebanon, OH 45036, 513/695-1300, barney.wright@co.warren.oh.us.*

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.

***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

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$689,200	\$814,102	\$124,902

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$689,200	\$619,468	\$69,732

**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 Warren 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	<u>2019</u> \$90,406
Total deposits	<u>90,406</u>
Total deposits and investments	<u><u>\$90,406</u></u>

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

***Deposits***

Peoples Bank has pledged securities as collateral for the Districts deposits in accordance with Section 135.181 of the Ohio Revised Code. The bank of New York Mellon serves as trustee to independently safekeep all collateral in the pledge pool.

At December 31, 2019, \$0.00 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Risk Management**

2019 Monthly Health Insurance Rates for Warren County

	<b>BASE PLAN MONTH</b>	<b>BUY UP PLAN MONTH</b>
SINGLE MED/RX	\$438.72	\$404.88
SINGLE DENTAL	\$29.64	\$29.64
SINGLE VISION	\$6.66	\$6.66
LIFE	<u>\$10.50</u>	<u>\$10.50</u>
<b>TOTAL</b>	<b>\$485.02</b>	<b>\$451.18</b>
FAMILY MED/RX	\$1,162.82	\$10,743.14
FAMILY DENTAL	\$74.10	\$74.10
FAMILY VISION	\$17.66	\$17.66
LIFE	<u>\$10.50</u>	<u>\$10.50</u>
<b>TOTAL</b>	<b>\$1,264.58</b>	<b>\$1,174.90</b>
COUPLE MED/RX	\$581.41	\$536.57
COUPLE DENTAL	\$37.05	\$37.05
COUPLE VISION	\$8.83	\$8.83
LIFE	<u>\$10.50</u>	<u>\$10.50</u>
<b>TOTAL</b>	<b>\$637.29</b>	<b>\$592.45</b>
<b>EMPLOYEE CONTRIBUTION</b>		
SINGLE BUY UP	\$0.00	\$71.44
FAMILY BUY UP	\$0.00	\$189.38
COUPLE BUY UP	\$0.00	\$94.69
<b>2018 MONTHLY COBRA RATES</b>		
SINGLE MED/RX	\$447.50	\$485.85
SINGLE DENTAL	\$30.24	\$30.24
SINGLE VISION	<u>\$6.80</u>	<u>\$6.80</u>
	\$484.54	\$522.89
FAMILY MED/RX	\$1,186.08	\$1,287.77
FAMILY DENTAL	\$75.59	\$75.59
FAMILY VISION	<u>\$18.02</u>	<u>\$18.02</u>
	\$1,279.69	\$1,381.38

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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Warren County has an internal service fund titled Workers Comp Chargeback w/ Reserve Plan to account for and finance its workers' compensation claims risk. All departments of the County participate in the program and pay premiums based on a rate per \$200.00 per employee into the internal service fund. The claims liability reported in the workers' compensation internal service funds at December 31, 2019,

The historical changes in claims payable during the past two years are as follows: No Claims for Soil & Water

<u>Year</u>	<u>Beginning Balance</u>	<u>Claims &amp; Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2018	\$2,201.00	\$0.00	\$0.00	\$2,201.00
2019	\$2,207.00	\$0.00	\$0.00	\$2,207.00

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

***Risk Pool Membership***

The District belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 770 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 47% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 47% or \$117,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2016 and 2017 (the latest information available):

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

	<b>2017</b>	<b>2016</b>
Assets	\$14,853,620	\$14,765,712
Liabilities	(\$9,561,108)	(\$9,532,506)
Members' Equity	\$5,292,51	\$5,234,206

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

***Self-Insurance***

The County is self-funded for employee health care, prescription, dental, vision and workers' compensation benefits. The programs are administered by United Health Care, Optum RX, Dental Care Plus, VSP and Careworks Consulting, Inc. which provide claims review and processing services. For health care, prescription, dental and vision, each County fund is charged for its proportionate share of covered employees. The County records a liability in claims payable for incurred but unreported claims at year-end based upon an analysis of historical claims and expenses. For workers' compensation, each County fund is charged for actual claims paid plus administrative fees based upon number of employees per department.

**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.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

**Note 6 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 7 – Related Party Transactions**

A District Supervisor is related to an individual with whom the District contracts with for Trailer Hauling. The District paid \$1,782.41 in 2019.

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 8 – 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 Districts future operating cost, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**Warren County Soil and Water Conservation District**

*Warren 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		\$513,928	513,928
State Government		163,887	163,887
Sale of Products/Materials	22,946		22,946
Rentals	350		350
Farmland Preservation Reimbursements	2,800		2,800
All Other Revenue	1,551		1,551
<i>Total Cash Receipts</i>	<u>27,647</u>	<u>677,815</u>	<u>705,462</u>
<b>Cash Disbursements</b>			
Salaries		405,028	405,028
Supplies		11,529	11,529
Rentals	3,125		3,125
Service Fees	9,264	43,848	53,112
Information and Education	8,715	3,794	12,509
Travel and Expenses	2,160		2,160
OPERS		56,335	56,335
Worker's Compensation		2,201	2,201
Hospitalization		63,682	63,682
Medicare		5,710	5,710
Product/Materials for Resale	9,961		9,961
Annual Meeting/Banquet	2,095		2,095
Water Education Trailer Maintenance	46		46
Conservation Scholarship(s)	2,375		2,375
Other	3,750	38,072	41,822
<i>Total Cash Disbursements</i>	<u>41,491</u>	<u>630,199</u>	<u>671,690</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,844)</u>	<u>47,616</u>	<u>33,772</u>
<i>Net Change in Fund Cash Balances</i>	(13,844)	47,616	33,772
<i>Fund Cash Balances, January 1</i>	<u>146,170</u>	<u>114,111</u>	<u>260,281</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	99,680	161,728	261,408
Unassigned (Deficit)	32,646	0	32,646
<i>Fund Cash Balances, December 31</i>	<u>\$132,326</u>	<u>\$161,728</u>	<u>\$294,054</u>

*See accompanying notes to the basic financial statements*

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# Warren County Soil & Water Conservation District

Warren 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 Warren County Soil & Water Conservation District, Warren 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 contracts with The Cities of Mason and Lebanon, Township of Deerfield, and The Warren County Engineers to provide NPDES Stormwater Phase II permit requirements.

### ***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

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.

## Warren County Soil & Water Conservation District

Warren County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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

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

A summary of 2018 budgetary activity appears in Note 3.

### ***Deposits and Investments***

The Warren 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 Warren County Treasurer. *Barney Wright 406 Justice Dr. Lebanon, OH 45036, 513/695-1300, barney.wright@co.warren.oh.us.*

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.

***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

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$714,531	\$677,815	(\$36,716)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$791,800	\$630,199	\$161,601

**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 Warren 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	<u>2018</u> <u>\$132,326</u>
Total deposits	<u>132,326</u>
Total deposits and investments	<u><u>\$132,326</u></u>

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

***Deposits***

Peoples Bank has pledged securities as collateral for the Districts deposits in accordance with Section 135.181 of the Ohio Revised Code. The bank of New York Mellon serves as trustee to independently safekeep all collateral in the pledge pool.

At December 31, 2018, \$0.00 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Risk Management**

2018 Monthly Health Insurance Rates for Warren County

	<b>BASE PLAN MONTH</b>	<b>BUY UP PLAN MONTH</b>
SINGLE MED/RX	\$438.72	\$404.88
SINGLE DENTAL	\$29.64	\$29.64
SINGLE VISION	\$6.66	\$6.66
LIFE	<u>\$10.50</u>	<u>\$10.50</u>
<b>TOTAL</b>	<b>\$485.02</b>	<b>\$451.18</b>
FAMILY MED/RX	\$1,162.82	\$10,743.14
FAMILY DENTAL	\$74.10	\$74.10
FAMILY VISION	\$17.66	\$17.66
LIFE	<u>\$10.50</u>	<u>\$10.50</u>
<b>TOTAL</b>	<b>\$1,264.58</b>	<b>\$1,174.90</b>
COUPLE MED/RX	\$581.41	\$536.57
COUPLE DENTAL	\$37.05	\$37.05
COUPLE VISION	\$8.83	\$8.83
LIFE	<u>\$10.50</u>	<u>\$10.50</u>
<b>TOTAL</b>	<b>\$637.29</b>	<b>\$592.45</b>
<b>EMPLOYEE CONTRIBUTION</b>		
SINGLE BUY UP	\$0.00	\$71.44
FAMILY BUY UP	\$0.00	\$189.38
COUPLE BUY UP	\$0.00	\$94.69
<b>2018 MONTHLY COBRA RATES</b>		
SINGLE MED/RX	\$447.50	\$485.85
SINGLE DENTAL	\$30.24	\$30.24
SINGLE VISION	<u>\$6.80</u>	<u>\$6.80</u>
	\$484.54	\$522.89
FAMILY MED/RX	\$1,186.08	\$1,287.77
FAMILY DENTAL	\$75.59	\$75.59
FAMILY VISION	<u>\$18.02</u>	<u>\$18.02</u>
	\$1,279.69	\$1,381.38

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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The historical changes in claims payable during the past two years are as follows: No Claims for Soil & Water

<u>Year</u>	<u>Beginning Balance</u>	<u>Claims &amp; Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2017	\$1,891.00	\$0.00	\$0.00	\$1,851.68
2018	\$2,201.00	\$0.00	\$0.00	\$2,201.00

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

***Risk Pool Membership***

The District belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 770 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 47% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 47% or \$117,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2016 and 2017 (the latest information available):

**Warren County Soil & Water Conservation District**

*Warren County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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	<b>2017</b>	<b>2016</b>
Assets	\$14,853,620	\$14,765,712
Liabilities	(\$9,561,108)	(\$9,532,506)
Members' Equity	<u>\$5,292,51</u>	<u>\$5,234,206</u>

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

***Self-Insurance***

The County is self-funded for employee health care, prescription, dental, vision and workers' compensation benefits. The programs are administered by United Health Care, Optum RX, Dental Care Plus, VSP and Careworks Consulting, Inc. which provide claims review and processing services. For health care, prescription, dental and vision, each County fund is charged for its proportionate share of covered employees. The County records a liability in claims payable for incurred but unreported claims at year-end based upon an analysis of historical claims and expenses. For workers' compensation, each County fund is charged for actual claims paid plus administrative fees based upon number of employees per department.

**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.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2018</i>	<i>10%</i>	<i>14%</i>

**Note 6 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 7 – Related Party Transactions**

A District Supervisor is related to an individual with whom the District contracts with for Trailer Hauling. The District paid \$5,516.41 in 2018.



# OHIO AUDITOR OF STATE KEITH FABER



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

Warren County Soil and Water Conservation District  
Warren County  
320 East Silver St. Suite 300  
Lebanon, Ohio 45036

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 Warren County Soil and Water Conservation District, Warren County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 23, 2020 wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the financial impact of COVID-19 and how 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

June 23, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**WARREN COUNTY SOIL AND WATER CONVERSATION DISTRICT**

**WARREN 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 14, 2020**