



OHIO AUDITOR OF STATE
KEITH FABER



**BUTLER COUNTY SOIL AND WATER CONSERVATION DISTRICT
BUTLER COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Butler County Soil and Water Conservation District
Butler County
1802 Princeton Road, Suite 300
Hamilton, Ohio 45011

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 Butler County Soil and Water Conservation District, Butler 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 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 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, thereof, and 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 Butler County Soil and Water Conservation District, Butler 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 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 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

July 8, 2020

Butler Soil and Water Conservation District

Butler 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	Soil Trailer Fund	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	22,785	159,100	500	182,385
State Government	5,229	126,459		131,688
Donations/Sponsorships	3,231			3,231
Sale of Products/Materials	7,931			7,931
Rentals	5,600		2,442	8,042
Reimbursements	3,242			3,242
Services/Workshops	432			432
All Other Revenue	2,438			2,438
<i>Total Cash Receipts</i>	<u>50,888</u>	<u>285,559</u>	<u>2,942</u>	<u>339,389</u>
Cash Disbursements				
Salaries		194,104		194,104
Supplies	10,254	1,895	60	12,209
Equipment	3,693	24,462		28,155
Contract Repairs		2,986		2,986
Contract Services/Cost Share Payment	3,272	4,782		8,054
Rentals	6,279		500	6,779
Service Fees	833	3,891		4,724
Education & Training	13,737			13,737
Travel and Expenses	5,695	3,387		9,082
Advertising and Printing	6,065	198		6,263
Membership & Subscriptions	1,198	1,360		2,558
Scholarships & Sponsorships	602			602
OPERS		27,175		27,175
Worker's Compensation		4,367		4,367
Hospitalization		24,112		24,112
Medicare		2,754		2,754
Product/Materials for Resale	7,734			7,734
Annual Meeting/Banquet	5,071			5,071
Other	475			475
<i>Total Cash Disbursements</i>	<u>64,907</u>	<u>295,473</u>	<u>560</u>	<u>360,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ (14,019)</u>	<u>\$ (9,914)</u>	<u>\$ 2,382</u>	<u>\$ (21,550)</u>
<i>Net Change in Fund Cash Balances</i>	<u>\$ (14,019)</u>	<u>\$ (9,914)</u>	<u>\$ 2,382</u>	<u>\$ (21,551)</u>
<i>Fund Cash Balances, January 1</i>	<u>252,368</u>	<u>127,465</u>	<u>8,612</u>	<u>388,445</u>
Fund Cash Balances, December 31				
Restricted	817	41,588	0	42,405
Committed	0	0	10,994	10,994
Assigned	115,152	75,963	0	191,115
Unassigned (Deficit)	122,380			122,380
<i>Fund Cash Balances, December 31</i>	<u>238,349</u>	<u>117,551</u>	<u>10,994</u>	<u>366,894</u>

See accompanying notes to the basic financial statements

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Butler Soil & Water Conservation District

Butler 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 Butler Soil & Water Conservation District, Butler 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 and management of our soil, water, and other natural resources through effective and efficient programs and services. The District promotes the conservations, restoration, and responsible use of our natural resources through technical assistance and education.

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

The District participates in jointly governed organization, Save Local Waters. Note 8 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 (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: Educational Soils Trailer. The Educational Soils Trailer is a mobile trailer that is used to educate the public on soil health, processes, and soil conservation. This fund is committed to the District's Educational Soils Trailer and goes towards all costs associated with the trailer such as trailer repairs.

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.

Butler Soil & Water Conservation District

Butler 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 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 Butler 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 Butler County Treasurer, Nancy Nix, (513) 887-3181 located at 315 High Street, 10th Floor, Hamilton, Ohio 45011.

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 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.

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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	\$267,873	\$285,559	\$17,686

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$324,803	\$297,818	\$26,985

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

	2019
Demand deposits	\$94,956
Certificates of deposit	154,389
County Treasurer Deposits	117,549
Total deposits	<u>366,894</u>
Total investments	<u>0</u>
Total deposits and investments	<u><u>\$366,894</u></u>

Deposits

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. The District has a ‘Sufficient’ status for OPCS.

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 5 – Risk Management

At the time of preparing the notes, the 2019 information from the county was not yet available. The 2018 county information was used.

The County is exposed to various risks of loss related to torts; damage to, theft of, or destruction of assets; and errors and omissions; injury to employees and natural disasters. During 2018, the County contracted with County Risk Sharing Authority Inc. (CORSA) (a risk-sharing pool) for liability (comprehensive general, automobile, and public officials' errors and omissions), property, and crime damage. Coverage provided by the pool is as follows:

Category	Amount (Each Occurrence)
Property Coverage:	
Building Contents and Equipment	\$623,970,909
Flood	100,000,000
Earthquake	100,000,000
Liability Coverage:	
Automobile Liability	1,000,000
Uninsured Motorist	250,000
General Liability	1,000,000
Stop Gap Liability	1,000,000
Law Enforcement Liability	1,000,000
Errors and Omissions Liability	1,000,000
Medical Professional Liability	3,000,000
Medical Professional Liability-(County Home)	3,000,000
Cyber Liability	1,000,000
Crime:	
Employee Dishonesty/Faithful Performance	1,000,000
Money and Securities (Inside)	1,000,000
Money and Securities (Outside)	1,000,000
Money Orders and Counterfeit Currency	1,000,000
Depositor's Forgery	1,000,000
Boiler and Machinery	100,000,000
Business Interruption	2,500,000
Deductible:	
Auto Liability, General, Law Enforcement, Cyber, Medical Profession and Error and Omissions	100,000
Property Coverage, Auto Physical Damage, Crimes, Boiler and Machinery	100,000

Commercial Insurance

The District is insured through Butler County for the following risks:

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

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Risk Pool Membership

The District is part of the County. The County has workers' compensation coverage for all employees. The claims liabilities reported in the health insurance and workers' compensation at December 31, 2018, are based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The County maintains a retrospective rating plan for workers' compensation insurance.

The historical changes in claims payable (based on 12/31/18 maximum premium) during the years December 31, 2017 and 2018 are as follows:

Health Insurance				
	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2017	\$ -	\$ 18,131,340	\$ 14,305,923	\$ 3,825,417
2018	3,825,417	18,134,571	18,074,575	3,885,413

Workers Compensation				
	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2017	\$ 2,672,136	\$ (473,842)	\$ 963,828	\$ 1,234,466
2018	1,234,466	(81,592)	146,414	1,008,460

At the time of preparing the notes, the 2019 information was not yet available. The 2018 information was used.

Self-Insurance

The County has elected to provide a self-insurance plan for employee medical/surgical benefits through United Health Care. Dental insurance is provided to all employees as a function of the health care plan through Dental Care Plus. The County allows the District employees to be covered under their insurance. The Butler County Commissioners provided both a high deductible health care plan (HDHP) and a preferred provider organization (PPO) plan for health benefits in 2018. The chart below identifies the dollars contributed by the Butler County Commissioners and the employees per month.

Level	Employee Contribution	County Contribution	Total Contribution
High Deductible Plan 1			
Employee	\$ 118.18	\$ 727.22	\$ 845.40
Employee plus Spouse	245.24	1,516.16	1,761.40
Employee plus Children	164.54	1,306.76	1,471.30
Family	312.26	2,064.65	2,376.91
Preferred Provider Organization			
Employee	167.94	727.22	895.16
Employee plus Spouse	354.90	1,516.16	1,871.06
Employee plus Children	254.00	1,306.76	1,560.76
Family	461.60	2,064.65	2,526.25

At the time of preparing the notes, the 2019 information was not yet available. The 2018 information was used. In 2018 the County utilized Meritain Health - however, in 2019 they switched to United Health Care.

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2019.

<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 7 – Postemployment Benefits

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

Note 8 – Jointly Governed Organizations

Save Local Waters is an organization of MS4 jurisdictions in Southwest Ohio and Northern Kentucky joined together to fulfill the educations and community involvement component of the USEPA NPDES Phase II program. Each jurisdiction pays in 0.0225/capita for mass media marketing and programs. General disbursements are for general supplies and program costs. Revenues are membership fee. For our jurisdiction, the 0.0225/capita is paid by the Butler County Stormwater District.

Note 9 – Subsequent Events for COVID-19:

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COV-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The impact of the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Butler Soil and Water Conservation District

Butler 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	Soil Trailer Fund	Totals (Memorandum Only)
Cash Receipts				
Grants				
Local Government	\$21,000	\$159,100	\$500	\$180,600
State Government		64,310		64,310
Sale of Products/Materials	2,911			2,911
Rentals	5,600		475	6,075
Reimbursements	1,101			1,101
Services/Workshops	2,316			2,316
All Other Revenue	1,138			1,138
<i>Total Cash Receipts</i>	<u>34,066</u>	<u>223,410</u>	<u>975</u>	<u>258,451</u>
Cash Disbursements				
Salaries		161,742		161,742
Supplies	4,377	1,940	80	6,397
Equipment	151	1,175		1,327
Contract Repairs	274	2,071		2,344
Contract Services/Cost Share Payment	4,223	6,723		10,947
Rentals	5,133	0	250	5,383
Service Fees	269	2,089		2,358
Education & Training	4,333	920		5,253
Travel and Expenses/Fuel	2,179	3,488		5,667
Advertising and Printing	2,881	502	175	3,558
Membership & Subscription	1,550	2,683		4,233
Scholarships & Sponsorships	602			602
OPERS		22,736		22,736
Worker's Compensation		3,667		3,667
Hospitalization/Health Care		36,417		36,417
Medicare		2,248		2,248
Product/Materials for Resale	1,017			1,017
Annual Meetings & Workshops	3,529			3,529
Other	517	1,254		1,771
<i>Total Cash Disbursements</i>	<u>31,035</u>	<u>249,657</u>	<u>505</u>	<u>281,197</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,031</u>	<u>(26,247)</u>	<u>470</u>	<u>(22,746)</u>
<i>Net Change in Fund Cash Balances</i>	3,031	(26,247)	470	(22,746)
<i>Fund Cash Balances, January 1</i>	<u>249,337</u>	<u>153,712</u>	<u>8,142</u>	<u>411,191</u>
Fund Cash Balances, December 31				
Committed	0	0	8,612	8,612
Assigned	99,010	127,465	0	226,475
Unassigned (Deficit)	153,358	0	0	153,358
<i>Fund Cash Balances, December 31</i>	<u>\$252,368</u>	<u>\$127,465</u>	<u>\$8,612</u>	<u>\$388,445</u>

See accompanying notes to the basic financial statements

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Butler Soil & Water Conservation District

Butler 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 Butler Soil & Water Conservation District, Butler 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 and management of our soil, water, and other natural resources through effective and efficient programs and services. The District promotes the conservation, restoration, and responsible use of our natural resources through technical assistance and education.

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

The District participates in jointly governed organization, Save Local Waters. Note 8 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 (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: Educational Soils Trailer. The Educational Soils Trailer is a mobile trailer that is used to educate the public on soil health, processes, and soil conservation. This fund is committed to the District's Educational Soils Trailer and goes towards all costs associated with the trailer such as trailer repairs.

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.

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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 Butler 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 Butler County Treasurer, Nancy Nix, (513) 887-3181 located at 315 High Street, 10th Floor, Hamilton, Ohio 45011.

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

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.

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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	\$223,383	\$223,410	\$27

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$283,831	\$249,658	\$34,173

State Match did not follow normal procedure. January 2018- June 2018 State Match payment was paid upfront and deposited into Special Fund in December 2017, instead of monthly payments in 2018. This caused the Special Fund budgeted receipts to be less than expected for 2018. Special Fund had carryover expenditures from 2017, which were included in the Budgetary Expenditures in the table above.

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

	2018
Demand deposits	\$108,989
Certificates of deposit	151,992
County Treasurer Deposits	127,464
Total deposits	<u>388,445</u>
Total investments	<u>0</u>
Total deposits and investments	<u><u>\$388,445</u></u>

Deposits

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. The District has a ‘Sufficient’ status for OPCS.

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 5 – Risk Management

At the time of preparing the notes, the 2018 information from the county was not yet available. The 2017 county information was used.

The County is exposed to various risks of loss related to torts; damage to, theft of, or destruction of assets; and errors and omissions; injury to employees and natural disasters. During 2017 the County contracted with County Risk Sharing Authority Inc. (CORSA) (a risk-sharing pool) for liability (comprehensive general, automobile, and public officials' errors and omissions), property, and crime damage. The County's payment for insurance to CORSA in 2017 was \$627,224. Coverage provided by the pool is as follows:

<u>Category</u>	<u>Amount (Each Occurrence)</u>
Property Coverage:	
Building Contents and Equipment	\$623,970,909
Flood	100,000,000
Earthquake	100,000,000
Liability Coverage:	
Automobile Liability	1,000,000
Uninsured Motorist	250,000
General Liability	1,000,000
Stop Gap Liability	1,000,000
Law Enforcement Liability	1,000,000
Errors and Omissions Liability	1,000,000
Medical Professional Liability	3,000,000
Medical Professional Liability-(County Home)	3,000,000
Cyber Liability	1,000,000
Crime:	
Employee Dishonesty/Faithful Performance	1,000,000
Money and Securities (Inside)	1,000,000
Money and Securities (Outside)	1,000,000
Money Orders and Counterfeit Currency	1,000,000
Depositor's Forgery	1,000,000
Boiler and Machinery	100,000,000
Business Interruption	2,500,000
Deductible:	
Auto Liability, General, Law Enforcement, Cyber, Medial Profession and Error and Omissions	100,000
Property Coverage, Auto Physical Damage, Crimes, Boiler and Machinery	100,000

Commercial Insurance

The District is insured through Butler County for the following risks:

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

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Risk Pool Membership

The District is part of the County. The County has workers' compensation coverage for all employees. The claims liabilities reported in the health insurance and workers' compensation at December 31, 2017, are based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, to be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The County maintains a retrospective rating plan for workers' compensation insurance.

The historical changes in claims payable (based on 12/31/17 maximum premium) during years December 31, 2016 and 2017 are as follows:

Health Insurance				
	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2016	\$ -	\$ -	\$ -	\$ -
2017	-	18,131,340	14,305,923	3,825,417

Workers Compensation				
	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2016	\$ 2,612,811	\$ 843,079	\$ 783,754	\$ 2,672,136
2017	2,672,136	(473,842)	963,828	1,234,466

At the time of preparing the notes, the 2018 information was not yet available. The 2017 information was used.

Self-Insurance

The County has elected to provide a self-insurance plan for employee medical/surgical benefits through Meritain Health. Dental insurance is provided to all employees as a function of the health care plan through Dental Care Plus. The County allows the District employees to be covered under their insurance.

The Butler County Commissioners provided both a high deductible health care plans (HDHP) and a preferred provider organization (PPO) plan for health benefits in 2017. The chart below identifies the dollars contributed by the Butler County Commissioners and the employees per month.

Level	Employee Contribution	County Contribution	Total Contribution
High Deductible Plan 1			
Employee	\$ 113.68	\$ 367.74	\$ 481.42
Employee plus Spouse	230.94	829.56	1,060.50
Employee plus Children	156.48	708.57	865.05
Family	292.80	1,151.38	1,444.18
High Deductible Plan 2			
Employee	136.56	368.18	504.74
Employee plus Spouse	281.36	830.57	1,111.93
Employee plus Children	197.60	709.41	907.01
Family	361.46	1,152.75	1,514.21
Preferred Provider Organization			
Employee	147.38	402.55	549.93
Employee plus Spouse	305.18	906.33	1,211.51
Employee plus Children	217.04	771.19	988.23
Family	393.88	1,255.93	1,649.81

Butler Soil & Water Conservation District

Butler County

Notes to the Financial Statements

For the Year Ended December 31, 2018

At the time of preparing the notes, the 2018 information was not yet available. The 2017 information was used. However, the County used Meritain Health for both 2017 and 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 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.

<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 7 – Postemployment Benefits

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

Note 8 – Jointly Governed Organizations

Save Local Waters is an organization of MS4 jurisdictions in Southwest Ohio and Northern Kentucky joined together to fulfill the education and community involvement component of the USEPA NPDES Phase II program. Each jurisdiction pays in 0.0225/capita for mass media marketing and programs. General disbursements are for general supplies and program costs. Revenues are membership fee. For our jurisdiction, the 0.0225/capita is paid by the Butler County Stormwater District.

Note 9 – Subsequent Events

In December 2017, ODA released our State Match funds for January 2018- June 2018. Therefore, we had a larger revenue than expected in 2017. This also meant that our actual revenue for 2018 was decreased. The District only received State Match funds for July – December 2018 for a total of \$64,310.00. This resulted in an excess of receipts under disbursements in the Special Fund for 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*

Butler County Soil and Water Conservation District
Butler County
1802 Princeton Road, Suite 300
Hamilton, Ohio 45011

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 by fund of the Butler County Soil and Water Conservation District, Butler, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 8, 2020 wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture 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 opinion 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

July 8, 2020

OHIO AUDITOR OF STATE KEITH FABER



BUTLER COUNTY SOIL AND WATER CONSERVATION DISTRICT

BUTLER 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 23, 2020**