



OHIO AUDITOR OF STATE
KEITH FABER



**FRANKLIN SOIL AND WATER CONSERVATION DISTRICT
FRANKLIN COUNTY
DECEMBER 31, 2019 - 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Franklin Soil and Water Conservation District
Franklin County
1404 Goodale Boulevard, Suite 100
Columbus, Ohio 43212

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 Franklin Soil and Water Conservation District, Franklin 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 Franklin Soil and Water Conservation District, Franklin 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 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may 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 February 26, 2021, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

February 26, 2021

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Franklin Soil and Water Conservation District						
<i>Franklin County, Ohio</i>						
<i>Combined Statement of Receipts, Disbursements</i>						
<i>and Changes in Fund Balances (Regulatory Cash Basis)</i>						
<i>For the Year Ended December 31, 2019</i>						
	District	Special	319 Dysart Run Stream Restoration	319 Willow Brook Stream Restoration	Other	Totals
	Fund	Fund	Grant- 17(h)EPA-12	Grant- 15(h)EPA-39	Funds	(Memorandum Only)
Cash Receipts						
Taxes						\$0
Grants						
Local Government	690,144	604,100		10,000		1,304,244
State Government	1,280	649,373				650,653
Federal Government			10,475	1,192		11,667
Gifts and Contributions	4,868					4,868
Sale of Products/Materials	29,040					29,040
Rentals						0
Farm Harvest Income						0
All Other Revenue	50,001				4,209	54,210
Total Cash Receipts	775,333	1,253,473	10,475	11,192	4,209	2,054,682
Cash Disbursements						
Salaries		952,157				952,157
Supplies	29,273					29,273
Equipment	85,505					85,505
Contract Repairs						0
Contract Services/Cost Share Payment	106,453		251	7,447		114,151
Rentals	102,649					102,649
Service Fees	32,655					32,655
Information and Education	45,565					45,565
Travel and Expenses	3,247					3,247
Advertising and Printing	40,584					40,584
OPERS		133,212				133,212
Worker's Compensation		8,578				8,578
Unemployment Compensation						0
Hospitalization		338,903				338,903
Medicare		13,295				13,295

Franklin Soil and Water Conservation District						
<i>Franklin County, Ohio</i>						
<i>Combined Statement of Receipts, Disbursements</i>						
<i>and Changes in Fund Balances (Regulatory Cash Basis)</i>						
<i>For the Year Ended December 31, 2019</i>						
	District	Special	319 Dysart Run Stream Restoration	319 Willow Brook Stream Restoration	Other	Totals
	Fund	Fund	Grant- 17(h)EPA-12	Grant- 15(h)EPA-39	Funds	(Memorandum Only)
Product/Materials for Resale	16,908					16,908
Reimbursement - State Refunds						0
Vehicle Rental/Liability Insurance	8,095					8,095
Other	45,118					45,118
<i>Total Cash Disbursements</i>	<i>516,052</i>	<i>1,446,145</i>	<i>251</i>	<i>7,447</i>	<i>0</i>	<i>1,969,895</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>259,281</i>	<i>(192,672)</i>	<i>10,224</i>	<i>3,745</i>	<i>4,209</i>	<i>84,787</i>
Other Financing Receipts (Disbursements)						
Transfers In	500,000	650,892			219,000	1,369,892
Transfers Out	(869,892)	(500,000)				(1,369,892)
Advances In						0
Advances Out						0
Other Financing Sources						0
Other Financing Uses						0
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(369,892)</i>	<i>150,892</i>	<i>0</i>	<i>0</i>	<i>219,000</i>	<i>0</i>
<i>Net Change in Fund Cash Balances</i>	<i>(110,611)</i>	<i>(41,780)</i>	<i>10,224</i>	<i>3,745</i>	<i>223,209</i>	<i>84,787</i>
<i>Fund Cash Balances, January 1</i>	<i>1,604,963</i>	<i>784,009</i>	<i>9,826</i>	<i>0</i>	<i>38,574</i>	<i>2,437,372</i>
Fund Cash Balances, December 31						
Nonspendable	49,026	0	0	0	0	49,026
Restricted	74,359	0	20,050	3,745	0	98,154
Committed	645,934	0	0	0	261,783	907,717
Assigned	725,033	742,229	0	0	0	1,467,262
Unassigned (Deficit)	0	0	0	0	0	0

Franklin Soil and Water Conservation District						
<i>Franklin County, Ohio</i>						
<i>Combined Statement of Receipts, Disbursements</i>						
<i>and Changes in Fund Balances (Regulatory Cash Basis)</i>						
<i>For the Year Ended December 31, 2019</i>						
						Totals
	District	Special	319 Dysart Run Stream Restoration	319 Willow Brook Stream Restoration	Other	(Memorandum
	Fund	Fund	Grant- 17(h)EPA-12	Grant- 15(h)EPA-39	Funds	Only)
<i>Fund Cash Balances, December 31</i>	\$1,494,352	\$742,229	\$20,050	\$3,745	\$261,783	\$2,522,159
<i>Net Change in Fund Cash Balances</i>	(\$110,611)	(\$41,780)	\$10,224	\$3,745	\$223,209	\$84,787
<i>Fund Cash Balances, January 1</i>	1,604,963	784,009	9,826	0	38,574	2,437,372
<i>Fund Cash Balances, December 31</i>	\$1,494,352	\$742,229	\$20,050	\$3,745	\$261,783	\$2,522,159
<i>See accompanying notes to the basic financial statements</i>						

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting Entity

Franklin Soil and Water Conservation District, a political subdivision of the State of Ohio, was formed in 1946 under the constitution and laws of the State of Ohio, which establishes the rights and privileges of the Franklin Soil and Water Conservation District, Franklin 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 private and public lands. Franklin Soil and Water Conservation District's mission is to promote responsible land use decisions for the conservation, protection and improvement of soil and water resources by providing information assistance through effective partnering, technical guidance and education.

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 payroll and benefits. The District records all amounts received from the State and local governments in this fund. The County Auditor also maintains an accounting of this fund.

District Fund The district fund is the primary fund for day-to-day operations. This fund receives revenues from district sales, equipment rentals, grants, and donations and fund transfers.

Grant Funds 319 Grant funds established under Section 319 of the Clean Water Act (33 U.S.C. 1329) Ohio EPA is the designated water quality agency responsible for administering the Ohio 319 Nonpoint Source Program to address water quality impairment in Ohio. In 2019, the district held two 319 Nonpoint Source Implementation grants.

319 Dysart Run Stream Restoration Project Grant 17(h)EPA-12 This maintains separate accounting records for the management of funds per the grant agreement related to the Dysart Run Stream Restoration Project in the Blacklick Creek Watershed.

319 Willow Brook Run Stream Restoration Project Grant 15(h)EPA-39 This maintains separate accounting records for the management of funds per the grant agreement related to the Willow Brook Stream Restoration Project in the Blacklick Creek Watershed.

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 **Stewardship Easement Fund** accounts for revenues from easements acquired through stewardship fees. These funds are derived from government dollars and private donations held for the protection of

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2019

conservation easements authorized by the Franklin Soil and Water Conservation District Board of Supervisors.

The **Conservation Stewardship Endowment Fund** was established in 2018 in partnership with The Columbus Foundation at 1234 East Broad Street, Columbus, OH 43205, to raise funds for the implementation of conservation projects targeted to improving water quality for the benefit of wildlife, recreation, and drinking water in the Franklin County area, which may expand to projects throughout Central Ohio. The Franklin Soil and Water Conservation District Board of Supervisors will authorize spending from the Conservation Stewardship Fund to ensure long-term sustainability as well as to ensure funds are used according to the established purpose. This fund could serve as a potential revenue stream in the future. As of December 31, 2019, the balance is \$14,696.33.

The accompanying financial statements do not report this fund as of December 31, 2019.

In accordance with federal tax regulations, assets held at The Columbus Foundation must be and are legally owned and controlled by The Columbus Foundation. The Columbus Foundation is the legal owner of the funds until the Board of Supervisors authorizes the District to draw out the funds to deposit in into District accounts.

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 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.

An Annual Budget is adopted for all of the District's funds, which are comprised of the District Fund, Special Fund, and any other Grant Funds. The Board of Supervisors approves the annual budget which states the total resources available for expenditure as expressed in the final budget numbers for general ledger line-items. This gives the Director the authority to approve expenses within the Board-Approved budget.

The budget may be amended or supplemented at any time during the year upon formal action of the District's Board of Supervisors. Transfers of cash between funds require the Treasurer's authorization.

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 Special Fund budgetary activity appears in Note 3.

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2019

A summary of 2019 Total Annual Budgetary activity appears in Note 4. This includes the District Funds held at PNC and Star Ohio, the Special Fund held at the Franklin County Treasury, and the Conservation Stewardship Easement Fund held at Star Ohio.

Deposits and Investments

The Franklin 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 Franklin County at the Franklin County Treasurer's Office, 373 S High St, 17th Floor, Columbus, OH 43215-6306, or via phone at 614-525-3438.

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.

For the District, money market mutual funds (including STAR Ohio) are recorded at share values in the mutual funds report.

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 if they have been employed with the District for at least 1 year. Employees can bank no more annual leave than what can be accrued over 1.25 years, or 32.5 pay-periods, calculated off of their most current accumulation rate. This is within the Ohio Law that states accumulated vacation cannot exceed three times the annual accumulation rate for an employee. There is no limit for the accumulation of sick leave.

Employees with 10 years of service or more at the time of retirement may receive payment for one-fourth of their accumulated sick leave, not to exceed 240 hours. All payments are made at the employee's current wage rate.

The financial statements do not include a liability for unpaid leave; however, unpaid leave is tracked separately and reported to the Board of Supervisors monthly and in the Annual Budget.

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.

Franklin Soil and Water Conservation District

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Notes to the Financial Statements

For the Year Ended December 31, 2019

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 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$1,889,373	\$1,253,473	(\$635,900)

Including operating transfers into the Special Fund and employee benefit contributions, total actual receipts for 2019 were \$1,904,365.

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$2,057,665	\$1,446,145	\$611,520

Including operating transfers out of the Special Fund, total actual disbursements for 2019 were \$1,946,145.

Transfers are reported in the Other Financing Receipts in the accompanying financial statements.

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 Franklin County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2019 was as follows:

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2019

	<u>2019</u>
Demand deposits	\$133,191
County Treasurer Deposits	742,229
Total deposits	<u>875,420</u>
STAR Ohio	1,646,739
Total investments	<u>1,646,739</u>
Total deposits and investments	<u><u>\$2,522,159</u></u>

Deposits

Protection of the District’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC or 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. All District demand deposits were either insured or collateralized, in accordance with state law. At year-end, the demand deposits totaled \$133,191. The Special Fund held at the county totaled \$742,229.

Interfund Transfers

Transfers are used to move revenue from the fund that collects them in accordance with statute, budget, and agreed upon procedures to the fund that is required to expend them in accordance with board-approved budget. This allows the District to provide resources for current operations or to service district programs efficiently and effectively to meet intergovernmental working agreement obligations.

The budget may be amended or supplemented at any time during the year upon formal action of the Board of Supervisors. Transfers of cash between funds require the Treasurers’ notification and listed in the subsequent financial statement provided to the Board at the monthly board meetings.

Transfers are reported under Other Financing Activities in the accompanying financial statements.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Investments held by the District are stated at fair value using quoted market prices. STAR Ohio is an investment pool that allows governments within the state to pool their funds for investment purposes. STAR Ohio is managed by the State Treasurer’s Office and is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2019. At year-end, the STAR Ohio bank balance totaled \$1,646,738.

Note 5 – Risk Management

Insurance policies are procured for commercial crime, building and contents, equipment, and vehicles. The District purchases workers’ compensation insurance from the State of Ohio to cover employees and pays the premium based on a rate calculated on accident history and administrative costs, if material.

A. Worker’s Compensation

The Districts Workers’ Compensation is managed by Franklin County Risk Management and the County self-insures workers compensation costs. The District pays a rate of 0.9% of salaries through

Franklin Soil and Water Conservation District

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Notes to the Financial Statements

For the Year Ended December 31, 2019

Franklin County Payroll. This rate is calculated based on accident history and administrative costs, if material. The District has committed \$600,000 in the District Fund to reserve for possible future workers' compensation claims as we are responsible for 100% of medical claims up to \$600,000. The District had no current claims in 2019. For more information see the Franklin County CAFR.

B. Commercial Insurance for Comprehensive Property, General Liability, Vehicles, and Errors/Omissions

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	(11,329,011)
Members' Equity	\$ 4,591,493

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

C. Self-Insurance for Health Benefits

The District participates in the health care benefit plans offered by Franklin County. The Franklin County Commissioners formed the Franklin County Cooperative Health Benefits program. Approximately 5,000 County employees and 1,200 employees of other political subdivisions are covered by the program. Coverage is extended to eligible dependents. Costs are allocated to the fund that pays the salary of the enrolled employee. These payments are accounted for as expenditures in the paying funds as fees and charges for services in Franklin County's Employee Benefits internal service fund from which the claims are paid. An estimate of amounts to be paid for claims incurred

Franklin Soil and Water Conservation District

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Notes to the Financial Statements

For the Year Ended December 31, 2019

but not reported as of year-end had been developed by Franklin County in conjunction with an actuary, based on appropriate standards of practice promulgated by the Actuarial Standards Board. Please see Franklin County’s annual CAFR report, or contact the Franklin County Benefit Office, for detailed information on any such estimates including cash and investment resources vs. actuarial liabilities. Actual claims may differ from estimates.

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 requires the District to offer terminated or retired employees continued participation in the County’s employee health care benefits program, provided that the employees pay the rate established by the plan administrator. Please refer to the 2019 Franklin County 2019’s CAFR for more information.

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, 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 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 – Construction and Contractual Commitments

Hellbranch Meadows Stream and Wetland Restoration Project

The District held a contractual commitment, effective November 19th, 2015, with Coldwater Consulting, LLC, a corporation chartered under the laws of the State of Ohio, having its principal place of business at 46 West Columbus Street, Galena, Ohio 43021. The District owns four parcels that make up the 198.8 acre Hellbranch Meadows, which is located southwest of Columbus and south of US Route 40 in Prairie Township, Franklin County, Ohio. Professional services were obtained through a bidding process to complete the Hellbranch Meadows Stream and Wetland Restoration Project (WRRSP), with services including, but not limited to, project completion, grant writing, ecological restoration, and planning for demonstration amenities. The estimated not-to-exceed cost of the consultant’s services is \$387,920.00; this contractual amount was fulfilled in 2018. The District has retained Coldwater Consulting, LLC (“Engineer”) to act as the District’s representative, assume all duties and responsibilities, and have the rights and authority assigned to Engineer in the contract for the Hellbranch Meadows WRRSP project.

Franklin Soil and Water Conservation District

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Notes to the Financial Statements

For the Year Ended December 31, 2019

The District also holds a contractual commitment with Facemyer Landscaping, LLC, effective February 28, 2018 for the Hellbranch Meadows WRRSP project. Services were obtained in accordance with ORC bidding requirements as set forth in ORC. Work will consist of stream, wetland, forest, and prairie restoration along Hellbranch Run in Prairie Township, Franklin County, Ohio. These costs are funded through the Water Pollution Control Loan Fund (WPCLF) Water Resource Restoration Sponsor Program (WRRSP) through the Ohio EPA and Ohio Water Development Authority (OWDA) awarded at \$3,766,138 through a sponsoring loan. The program uses interest monies from WPCLF “sponsor projects” to fund both preservation and restoration of aquatic habitat. The District’s “sponsor” is Hamilton County, Metropolitan Sewer District. Funds are disbursed through OWDA. Reimbursements were paid directly to the district for project related expenses incurred between 2015-2017. Beginning in 2018, WRRSP project costs were reimbursed to the vendor directly through OWDA. As of December 31, 2019, total disbursements from the Water Pollution Control Loan Fund were \$3,286,369.66. The WRRSP project will conclude in June of 2020.

For more information on WRRSP, please see the Ohio EPA’s website:

<http://epa.ohio.gov/defa/ofa.aspx#169558734-water-resource-restoration-sponsor-program-wrrsp>

Dysart Run Stream Restoration Project

The District has a Section 319(h) Nonpoint Source Implementation reimbursement grant for the Dysart Run Stream Restoration Project in the Blacklick Creek watershed. The District has restricted funds for this grant. Total amount awarded is \$48,265 with a completion of the project in 2020.

Willow Brook Run Stream Restoration Project

The District was awarded a Section 319(h) Nonpoint Source Implementation reimbursement grant for the Willow Brook Stream Restoration Project in Jefferson Township. The District has restricted funds for this grant. Total amount awarded was \$24,785 with an anticipation completion of the project in 2020.

The District holds a contractual commitment with Mad Scientist Associates, LLC effective November 18, 2019 for the Riparian Buffer Installation and Invasive Removal portion of the Willow Brook Run Stream Restoration Project. Total cost of the work and amount of the contract not-to-exceed \$12,100. Reimbursement from the grant will be received in 2020.

Note 9 – Contingent Liabilities

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

Note 10 – Related Party Transactions

A District Supervisor is the spouse of the CEO (he also holds title of Member, LLC) at 3C Technology Solutions, Inc., a company with whom the District regularly does business with. The District has purchased: the network server, email server, software to run the servers, labor to build the network and to migrate data to the new system from 3C Technology Solutions, Inc. Additionally, the District purchased the phone system and labor to implement the network for the phone system. 3C Technology Solutions, Inc. provided network consultation as needed for email and phone systems and IT security. The business relationship was established prior to the related party relationship. The District Supervisor abstains from voting on matters related to 3C Technology Solutions, Inc.

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2019

For the year ending December 31, 2019, the District paid 3C Technology Solutions, Inc. \$2,295.43 for services related to server hardware and software, warranty extension for the server and phone system troubleshooting.

Note 11 – Subsequent Events

The District paid the contractual commitment held with Mad Scientist Associates, LLC for the Riparian Buffer Installation and Invasive Removal portion of the Willow Brook Run Stream Restoration Project. Total cost of the work and amount of the contract paid was \$12,100 in February of 2020. Reimbursement from the Willow Brook Run 319(h) Nonpoint Source Implementation grant will be received in 2020.

Grant close-out of both 319(h) Nonpoint Source Implementation grants for Dysart Run and Willow Brook Run to occur in 2020.

Completion of the Hellbranch Meadows Stream and Wetland Restoration Project will conclude in 2020. See Note 9 for more information regarding the project and contractual commitments.

The District will be upgrading the current accounting system in 2020 as it is no longer supported. Estimated costs and scope of work are yet to be determined.

To keep the District's network operational and current with today's security and IT standards, the District will enter into contract with 3C Technology Solutions, Inc. to upgrade hardware such as: Patch cables, UPS system, Wireless access point, SDN Bridge, hardware for GIS server, and other networking equipment. The purchase will include new software to run on new hardware such as: Microsoft server, Microsoft Office 365 and anti-virus software. Additionally, there will be labor costs involved with setting up the new hardware, software and the migration of data to new systems. The items mentioned above are a one-time cost. The monthly costs are for 3C Technology Solutions, Inc. to manage the FSWCD network for usability, accessibility, security, performance, virus and threat mitigation, and support. Additionally, there will be a monthly cost associated with Microsoft office 365. Total estimated cost of \$27,000 is anticipated in 2020 and includes the one-time costs of hardware and labor as well as the monthly costs mentioned above. Funds were appropriated in the Annual Budget for 2018 and again in 2019, but delayed due to changes in scope of work in 2018 as well as staff illness of key personnel related to this project in 2019.

The United States and the State of Ohio declared a state of emergency in early March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. The financial impact of COVID-19 will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and recovery from emergency funding, either federal or state, cannot be estimated.

Franklin Soil and Water Conservation District					
<i>Franklin County, Ohio</i>					
<i>Combined Statement of Receipts, Disbursements</i>					
<i>and Changes in Fund Balances (Regulatory Cash Basis)</i>					
<i>For the Year Ended December 31, 2018</i>					
					Totals
	District	Special	319 Dysart	Other	(Memorandum
	Fund	Fund	Run Stream	Funds	Only)
			Restoration		
			17(h)EPA-12		
Cash Receipts					
Taxes					\$0
Grants					
Local Government	742,159	629,100	30,000		1,401,259
State Government	190,312	582,957			773,269
Federal Government			20,445		20,445
Gifts and Contributions	12,832				12,832
Sale of Products/Materials	30,468				30,468
All Other Revenue	57,568	165		314	58,047
Total Cash Receipts	1,033,339	1,212,222	50,445	314	2,296,320
Cash Disbursements					
Salaries		969,082			969,082
Supplies	28,967				28,967
Equipment	6,110				6,110
Contract Repairs					0
Contract Services/Cost Share Payment	358,576		40,619		399,195
Rentals	136,903				136,903
Service Fees	32,704				32,704
Information and Education	21,349				21,349
Travel and Expenses	15,516				15,516
Advertising and Printing	18,453				18,453
OPERS		135,672			135,672
Worker's Compensation		8,722			8,722
Unemployment Compensation					0
Hospitalization		312,278			312,278
Medicare		13,577			13,577
Product/Materials for Resale	15,004				15,004
Reimbursement - State Refunds					0
Vehicle Rental/Liability Insurance	8,263				8,263
Annual Meeting/Banquet					0
Other	43,869				43,869
Total Cash Disbursements	685,714	1,439,331	40,619	0	2,165,663
Excess of Receipts Over (Under) Disbursements	347,625	(227,109)	9,826	314	130,656

Franklin Soil and Water Conservation District					
<i>Franklin County, Ohio</i>					
<i>Combined Statement of Receipts, Disbursements</i>					
<i>and Changes in Fund Balances (Regulatory Cash Basis)</i>					
<i>For the Year Ended December 31, 2018</i>					
					Totals
	District	Special	319 Dysart	Other	(Memorandum
	Fund	Fund	Run Stream	Funds	Only)
			Restoration		
			17(h)EPA-12		
Other Financing Receipts (Disbursements)					
Transfers In	300,000	682,061			982,061
Transfers Out	(682,061)	(300,000)			(982,061)
Advances In					0
Advances Out					0
Other Financing Sources					0
Other Financing Uses					0
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(382,061)</i>	<i>382,061</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Net Change in Fund Cash Balances</i>	<i>(34,436)</i>	<i>154,952</i>	<i>9,826</i>	<i>314</i>	<i>130,656</i>
<i>Fund Cash Balances, January 1</i>	<i>1,639,399</i>	<i>629,057</i>	<i>0</i>	<i>38,260</i>	<i>2,306,716</i>
Fund Cash Balances, December 31					
Nonspendable	52,567	0	0	0	52,567
Restricted	31,038	0	9,826	0	40,864
Committed	869,536	0	0	38,574	908,110
Assigned	651,822	784,009	0	0	1,435,831
Unassigned (Deficit)	0	0	(0)	0	(0)
<i>Fund Cash Balances, December 31</i>	<i>\$1,604,963</i>	<i>\$784,009</i>	<i>\$9,826</i>	<i>\$38,574</i>	<i>\$2,437,372</i>
<i>Net Change in Fund Cash Balances</i>	<i>(\$34,436)</i>	<i>\$154,952</i>	<i>\$9,826</i>	<i>\$314</i>	<i>\$130,656</i>
<i>Fund Cash Balances, January 1</i>	<i>1,639,399</i>	<i>629,057</i>	<i>0</i>	<i>38,260</i>	<i>2,306,716</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,604,963</i>	<i>\$784,009</i>	<i>\$9,826</i>	<i>\$38,574</i>	<i>\$2,437,372</i>
<i>See accompanying notes to the basic financial statements</i>					

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

Franklin Soil and Water Conservation District, a political subdivision of the State of Ohio, was formed in 1946 under the constitution and laws of the State of Ohio, which establishes the rights and privileges of the Franklin Soil and Water Conservation District, Franklin 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 private and public lands. Franklin Soil and Water Conservation District's mission is to promote responsible land use decisions for the conservation, protection and improvement of soil and water resources by providing information assistance through effective partnering, technical guidance and education.

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 payroll and benefits. The District records all amounts received from the State and local governments in this fund. The County Auditor also maintains an accounting of this fund.

District Fund The district fund is the primary fund for day-to-day operations. This fund receives revenues from district sales, equipment rentals, grants, and donations and fund transfers.

Grant Funds 319 Grant funds established under Section 319 of the Clean Water Act (33 U.S.C. 1329). Ohio EPA is the designated water quality agency responsible for administering the Ohio 319 Nonpoint Source Program to address water quality impairment in Ohio. In 2019, the district held two 319 Nonpoint Source Implementation grants.

319 Dysart Run Stream Restoration Project Grant 17(h)EPA-12 This maintains separate accounting records for the management of funds per the grant agreement related to the Dysart Run Stream Restoration Project in the Blacklick Creek Watershed.

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 **Stewardship Easement Fund** accounts for revenues from easements acquired through stewardship fees. These funds are derived from government dollars and private donations held for the protection of conservation easements authorized by the Franklin Soil and Water Conservation District Board of Supervisors.

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2018

The **Conservation Stewardship Endowment Fund** was established in 2018 in partnership with The Columbus Foundation at 1234 East Broad Street, Columbus, OH 43205, to raise funds for the implementation of conservation projects targeted to improving water quality for the benefit of wildlife, recreation, and drinking water in the Franklin County area, which may expand to projects throughout Central Ohio. The Franklin Soil and Water Conservation District Board of Supervisors will authorize spending from the Conservation Stewardship Fund to ensure long-term sustainability as well as to ensure funds are used according to the established purpose. This fund could serve as a potential revenue stream in the future. As of December 31, 2018, the balance is \$4,882.50.

The accompanying financial statements do not report this fund as of December 31, 2018.

In accordance with federal tax regulations, assets held at The Columbus Foundation must be and are legally owned and controlled by The Columbus Foundation. The Columbus Foundation is the legal owner of the funds until the Board of Supervisors authorizes the District to draw out the funds to deposit in into District accounts.

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 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.

An Annual Budget is adopted for all of the District's funds, which are comprised of the District Fund, Special Fund, and any other Grant Funds. The Board of Supervisors approves the annual budget which states the total resources available for expenditure as expressed in the final budget numbers for general ledger line-items. This gives the Director the authority to approve expenses within the Board-Approved budget.

The budget may be amended or supplemented at any time during the year upon formal action of the District's Board of Supervisors. Transfers of cash between funds require the Treasurer's authorization.

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.

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Deposits and Investments

The Franklin 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 Franklin County at the Franklin County Treasurer's Office, 373 S High St, 17th Floor, Columbus, OH 43215-6306, or via phone at 614-525-3438.

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.

For the District, money market mutual funds (including STAR Ohio) are recorded at share values in the mutual funds report.

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 if they have been employed with the District for at least 1 year. Employees can bank no more annual leave than what can be accrued over 1.25 years, or 32.5 pay-periods, calculated off of their most current accumulation rate. This is within the Ohio Law that states accumulated vacation cannot exceed three times the annual accumulation rate for an employee. There is no limit for the accumulation of sick leave.

Employees with 10 years of service or more at the time of retirement may receive payment for one-fourth of their accumulated sick leave, not to exceed 240 hours. All payments are made at the employee's current wage rate.

The financial statements do not include a liability for unpaid leave; however, unpaid leave is tracked separately and reported to the Board of Supervisors monthly and in the Annual Budget.

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.

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$1,766,850	\$1,212,222	(\$554,628)

Including transfers into the Special Fund, total actual receipts for 2018 were \$1,894,283.

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$2,146,021	\$1,439,331	\$706,690

Including transfers out of the Special Fund, total actual disbursements for 2018 were \$1,739,330.98.

Transfers are reported in the Other Financing Receipts in the accompanying financial statements.

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool all funds use, except the Special Fund which is

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2018

maintained by the Franklin County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2018 was as follows:

	<u>2018</u>
Demand deposits	\$454,062
County Treasurer Deposits	784,009
Total deposits	<u>1,238,071</u>
STAR Ohio	1,199,301
Total investments	<u>1,199,301</u>
Total deposits and investments	<u><u>\$2,437,372</u></u>

Deposits

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC or 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. All District demand deposits were either insured or collateralized, in accordance with state law. At year-end, the demand deposits totaled \$454,062. The Special Fund held at the county totaled \$784,008.64.

Interfund Transfers

Transfers are used to move revenue from the fund that collects them in accordance with statute, budget, and agreed upon procedures to the fund that is required to expend them in accordance with board-approved budget. This allows the District to provide resources for current operations or to service district programs efficiently and effectively to meet intergovernmental working agreement obligations.

The budget may be amended or supplemented at any time during the year upon formal action of the Board of Supervisors. Transfers of cash between funds require the Treasurers' notification and listed in the subsequent financial statement provided to the Board at the monthly board meetings.

Transfers are reported under Other Financing Activities in the accompanying financial statements.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Investments held by the District are stated at fair value using quoted market prices. STAR Ohio is an investment pool that allows governments within the state to pool their funds for investment purposes. STAR Ohio is managed by the State Treasurer's Office and is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2018. At year-end, the STAR Ohio bank balance totaled \$1,199,301.

Note 5 – Risk Management

Insurance policies are procured for commercial crime, building and contents, equipment, and vehicles. The

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2018

District purchases workers' compensation insurance from the State of Ohio to cover employees and pays the premium based on a rate calculated on accident history and administrative costs, if material.

A. *Worker's Compensation*

The Districts Workers' Compensation is managed by Franklin County Risk Management and the County self-insures workers compensation costs. The District pays a rate of 0.9% of salaries through Franklin County Payroll. This rate is calculated based on accident history and administrative costs, if material. The District has committed \$600,000 in the District Fund to reserve for possible future workers' compensation claims as we are responsible for 100% of medical claims up to \$600,000. The District had no current claims in 2018. For more information see the Franklin County CAFR.

B. *Commercial Insurance for Comprehensive Property, General Liability, Vehicles, and Errors/Omissions*

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	(10,734,623)
Members' Equity	\$ 4,330,789

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

C. *Self-Insurance for Health Benefits*

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2018

The District participates in the health care benefit plans offered by Franklin County. The Franklin County Commissioners formed the Franklin County Cooperative Health Benefits program. Approximately 5,000 County employees and 1,200 employees of other political subdivisions are covered by the program. Coverage is extended to eligible dependents. Costs are allocated to the fund that pays the salary of the enrolled employee. These payments are accounted for as expenditures in the paying funds as fees and charges for services in Franklin County’s Employee Benefits internal service fund from which the claims are paid. An estimate of amounts to be paid for claims incurred but not reported as of year-end had been developed by Franklin County in conjunction with an actuary, based on appropriate standards of practice promulgated by the Actuarial Standards Board. Please see Franklin County’s annual CAFR report, or contact the Franklin County Benefit Office, for detailed information on any such estimates including cash and investment resources vs. actuarial liabilities. Actual claims may differ from estimates.

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 requires the District to offer terminated or retired employees continued participation in the County’s employee health care benefits program, provided that the employees pay the rate established by the plan administrator. Please see Franklin County 2018’s CAFR for more information.

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 – Construction and Contractual Commitments

Hellbranch Meadows Stream and Wetland Restoration Project

Franklin Soil and Water Conservation District

Franklin County

Notes to the Financial Statements

For the Year Ended December 31, 2018

The District held a contractual commitment, effective November 19th, 2015, with Coldwater Consulting, LLC, a corporation chartered under the laws of the State of Ohio, having its principal place of business at 46 West Columbus Street, Galena, Ohio 43021. The District owns four parcels that make up the 198.8 acre Hellbranch Meadows, which is located southwest of Columbus and south of US Route 40 in Prairie Township, Franklin County, Ohio. Professional services were obtained through a bidding process to complete the Hellbranch Meadows Stream and Wetland Restoration Project (WRRSP), with services including, but not limited to, project completion, grant writing, ecological restoration, and planning for demonstration amenities. The estimated not-to-exceed cost of the consultant's services is \$387,920.00; this contractual amount was fulfilled in 2018. The District has retained Coldwater Consulting, LLC ("Engineer") to act as the District's representative, assume all duties and responsibilities, and have the rights and authority assigned to Engineer in the contract for the Hellbranch Meadows WRRSP project.

The District also holds a contractual commitment with Facemyer Landscaping, LLC, effective February 28, 2018 for the Hellbranch Meadows WRRSP project. Services were obtained in accordance with ORC bidding requirements as set forth in ORC. Work will consist of stream, wetland, forest, and prairie restoration along Hellbranch Run in Prairie Township, Franklin County, Ohio. These costs are funded through the Water Pollution Control Loan Fund (WPCLF) Water Resource Restoration Sponsor Program (WRRSP) through the Ohio EPA and Ohio Water Development Authority (OWDA) awarded at \$3,766,138 through a sponsoring loan. The program uses interest monies from WPCLF "sponsor projects" to fund both preservation and restoration of aquatic habitat. The District's "sponsor" is Hamilton County, Metropolitan Sewer District. Funds are disbursed through OWDA. Reimbursements were paid directly to the district for project related expenses incurred between 2015-2017. Beginning in 2018, WRRSP project costs were reimbursed to the vendor directly through OWDA. As of December 31, 2018, total disbursements were \$1,475,453.76.

For more information on WRRSP, please see the Ohio EPA's website:

<http://epa.ohio.gov/defa/ofa.aspx#169558734-water-resource-restoration-sponsor-program-wrrsp>

Note 9 – Contingent Liabilities

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

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

Franklin Soil and Water Conservation District
Franklin County
1404 Goodale Boulevard, Suite 100
Columbus, Ohio 43212

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 by fund type of the Franklin Soil and Water Conservation District, Franklin 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 February 26, 2021. We also noted the District reported the potential financial impact of COVID-19 and the ensuing emergency measures may 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) as a basis for designing 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 financial statements. 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

February 26, 2021

OHIO AUDITOR OF STATE KEITH FABER



FRANKLIN COUNTY SOIL AND WATER CONSERVATION DISTRICT

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/20/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov