

**CHAMPAIGN COUNTY SOIL AND WATER
CONSERVATION DISTRICT**

CHAMPAIGN COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





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Members of the Board
Champaign County Soil and Water Conservation District
1512 South US Highway 68, Suite E-100
Urbana, OH 43078

We have reviewed the *Independent Auditor's Report* of the Champaign County Soil and Water Conservation District, Champaign County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Champaign County Soil and Water Conservation District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 21, 2020

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CHAMPAIGN COUNTY SOIL AND WATER CONSERVATION DISTRICT
CHAMPAIGN COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - For the Year Ended December 31, 2019	3
Notes to the Financial Statements - 2019	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - For the Year Ended December 31, 2018	10
Notes to the Financial Statements - 2018	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19
Prepared by Management:	
Corrective Action Plan.....	20

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INDEPENDENT AUDITOR'S REPORT

Champaign County Soil and Water Conservation District
Champaign County
1512 South US Highway 68, Suite E-100
Urbana, OH 43078

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 Champaign County Soil and Water Conservation District, Champaign County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions the Ohio Department of Agriculture permits; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Agriculture, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis the Ohio Department of Agriculture permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund, and related notes of the Champaign County Soil and Water Conservation District, Champaign County, Ohio as of and for the years ended December 31, 2019 and 2018, in accordance with the financial reporting provisions the Ohio Department of Agriculture permits, described in Note 2.

Emphasis of Matter

As discussed in Note 8 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 opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 28, 2020

Champaign County Soil and Water Conservation District
Champaign County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2019

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$ -	\$ 126,809	\$ 126,809
State Government	-	114,977	114,977
Gifts and Contributions	730	-	730
Sale of Products/Materials	7,401	-	7,401
Rentals	13,398	-	13,398
Farm Harvest Income	13,398	-	13,398
All Other Revenue	10,863	7,178	18,041
<i>Total Cash Receipts</i>	<u>45,790</u>	<u>248,964</u>	<u>294,754</u>
Cash Disbursements			
Salaries	-	116,878	116,878
Supplies	464	2,659	3,123
Professional Services	-	1,134	1,134
Contract Repairs	330	633	963
Contract Services/Cost Share Payment	10,732	439	11,171
Rentals	-	4,778	4,778
Service Fees	-	12	12
Information and Education	340	-	340
Travel and Expenses	1,272	2,972	4,244
Advertising and Printing	-	1,439	1,439
OPERS	-	16,363	16,363
Worker's Compensation	-	1,047	1,047
Hospitalization	-	25,312	25,312
Medicare	-	1,577	1,577
Product/Materials for Resale	8,217	-	8,217
Annual Meeting/Banquet	2,785	-	2,785
Real Estate Taxes	4,313	-	4,313
Other	5,110	3,504	8,615
<i>Total Cash Disbursements</i>	<u>33,562</u>	<u>178,748</u>	<u>212,310</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	12,228	70,216	82,444
<i>Fund Cash Balances, January 1, 2019</i>	<u>222,052</u>	<u>164,205</u>	<u>386,257</u>
Fund Cash Balances, December 31			
Assigned	222,418	35,337	257,755
Unassigned	11,862	199,084	210,946
<i>Fund Cash Balances, December 31, 2019</i>	<u>\$ 234,280</u>	<u>\$ 234,421</u>	<u>\$ 468,701</u>

See accompanying notes to the financial statements.

*Champaign County Soil and Water Conservation District
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 Champaign County Soil and Water Conservation District, Champaign County, (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District provides local leadership in the conservation of natural resources and stewardship of agricultural lands.

Public Entity Risk Pools

The District participates in public entity risk pools. The organizations are presented in Note 5 to the financial statements. These organizations are:

County Risk Sharing Authority, Inc.
County Commissioners Association of Ohio Service Corporation
County Employment Benefits Consortium of Ohio, Inc.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Agriculture. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters the Ohio Department of Agriculture requires.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

The Ohio Revised Code requires the Special Fund be budgeted annually.

Appropriations Budgetary expenditures may not exceed appropriations at the fund 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 Champaign 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 Champaign County Treasurer, Robin K. Edwards, 937-484-1640 located at 1512 S. US Highway 68, Urbana, Ohio 43078.

The District's accounting basis for all other funds includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets. In 2006, a 129-acre farm in Goshen Township was donated to the District. The District rents the farm. The financial information, for these transactions, are included in the District Fund on the Cash Basis Combined Statement.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave. Accrual leave is shown on monthly reports and is assigned funds on the Cash Basis Combined Statement.

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

Fund Balance

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

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

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

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

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

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$211,963	\$248,964	\$37,001

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

Note 3 – Special Fund Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$211,963	\$178,748	\$33,215

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 Champaign 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	\$94,683
Certificates of deposit	139,597
County Treasurer Deposits	234,421
Total deposits	\$468,701

Deposit are insured by the Federal Deposit Insurance Corporation. The County is responsible for properly collateralizing any deposits in the County Treasury.

Note 5 – Risk Management

Risk Pool Memberships

A. Commercial Insurance

The District is exposed to various risks of related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, the District participated with the County which contracted with the County Risk Sharing Authority (CORSA) for insurance coverage.

Coverage Provided:

- Property: \$122,091
- General Liability: \$1,000,000
- Automobile Liability: \$1,000,000
- Law Enforcement Liability: \$1,000,000
- Errors and Omissions Liability: \$1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA.

There has been no significant reduction in insurance coverage from 2018 and settled claims have not exceeded this coverage in the past three years.

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

Note 5 – Risk Management (Continued)

Risk Pool Memberships (Continued)

B. Workers Compensation

For 2019, the District participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

C. Medical and Life Insurance

Risk Pool Health Care Benefits The District employees receive health care benefits through Champaign County who are participants in the County Employee Benefit Consortium of Ohio (CEBCO). The county pays premiums to CEBCO for employee medical and life insurance. CEBCO is responsible for the management and operations of the program.

For 2019, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. Premiums charged by CEBCO are based upon the County's claims experience. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

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.

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

Note 6 – Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System (Continued)

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.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 0 percent of the employer contribution to fund these benefits.

Note 8 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Champaign County Soil and Water Conservation District
Champaign County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2018

	District Fund	Special Fund	Totals (Memorandum Only)
Cash Receipts			
Grants			
Local Government	\$ -	\$ 121,648	\$ 121,648
State Government	-	88,440	88,440
Gifts and Contributions	2,800	-	2,800
Sale of Products/Materials	4,944	-	4,944
Rentals	26,796	-	26,796
All Other Revenue	3,226	956	4,182
<i>Total Cash Receipts</i>	<u>37,766</u>	<u>211,044</u>	<u>248,810</u>
Cash Disbursements			
Salaries	-	104,122	104,122
Supplies	889	1,387	2,276
Professional Services	2,773	-	2,773
Contract Repairs	-	1,037	1,037
Contract Services/Cost Share Payment	6,390	3,787	10,177
Rentals	46	4,778	4,824
Information and Education	1,852	-	1,852
Travel and Expenses	4,601	286	4,887
Advertising and Printing	175	394	569
OPERS	-	14,598	14,598
Worker's Compensation	-	863	863
Hospitalization	-	26,525	26,525
Medicare	-	1,425	1,425
Reimbursement - State Refunds	3,551	-	3,551
Annual Meeting/Banquet	1,885	-	1,885
Other	6,169	4,613	10,782
<i>Total Cash Disbursements</i>	<u>28,331</u>	<u>163,815</u>	<u>192,146</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	9,435	47,229	56,664
<i>Fund Cash Balances, January 1, 2019</i>	<u>212,617</u>	<u>116,976</u>	<u>329,593</u>
Fund Cash Balances, December 31			
Assigned	205,246	38,270	243,516
Unassigned	16,806	125,935	142,741
<i>Fund Cash Balances, December 31, 2019</i>	<u>\$ 222,052</u>	<u>\$ 164,205</u>	<u>\$ 386,257</u>
<i>See accompanying notes to the financial statements.</i>			

Champaign County Soil and Water Conservation District
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 Champaign County Soil and Water Conservation District, Champaign County, (the District) as a body corporate and politic. A publicly elected five-member District Board of Supervisors directs the District. The District provides local leadership in the conservation of natural resources and stewardship of agricultural lands.

Public Entity Risk Pools

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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:

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Agriculture. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters the Ohio Department of Agriculture requires.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

The Ohio Revised Code requires the Special Fund be budgeted annually.

Appropriations Budgetary expenditures may not exceed appropriations at the fund 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 Champaign 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 Champaign County Treasurer, Robin K. Edwards, 937-484-1640 located at 1512 S. US Highway 68, Urbana, Ohio 43078.

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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. In 2006, a 129 acre in Goshen Township was donated to the District. The District Cash rents the farm, the financial information for this farm included in the District Fund on the Cash Basis combined Statement.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave. Accrual leave is shown on monthly reports and is assigned funds on the Cash Basis Combined Statement.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Special Fund Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$211,069	\$211,044	(\$25)

*Champaign County Soil and Water Conservation District
Notes to the Financial Statements
For the Year Ended December 31, 2018*

Note 3 – Special Fund Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund	Appropriation Authority	Budgetary Disbursements	Variance
Special	\$211,069	\$163,815	\$47,254

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 Champaign 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	\$ 84,660
Certificates of deposit	137,392
County Treasurer Deposits	164,205
Total deposits	\$ 386,257

Deposit are insured by the Federal Deposit Insurance Corporation. The County is responsible for properly collateralizing any deposits in the County Treasury.

Note 5 – Risk Management

Risk Pool Memberships

A. Commercial Insurance

The District is exposed to various risks of related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the District participated with the County which contracted with the County Risk Sharing Authority (CORSA) for insurance coverage.

Coverage Provided:

- Property: \$122,091
- General Liability: \$1,000,000
- Automobile Liability: \$1,000,000
- Law Enforcement Liability: \$1,000,000
- Errors and Omissions Liability: \$1,000,000

With the exceptions of medical coverage and workers' compensation, all insurance is held with CORSA.

There has been no significant reduction in insurance coverage from 2017 and settled claims have not exceeded this coverage in the past three years.

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

Note 5 – Risk Management (Continued)

Risk Pool Memberships (Continued)

B. Workers Compensation

For 2018, the District participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

C. Medical and Life Insurance

Risk Pool Health Care Benefits The District employees receive health care benefits through Champaign County who are participants in the County Employee Benefit Consortium of Ohio (CEBCO). The county pays premiums to CEBCO for employee medical and life insurance. CEBCO is responsible for the management and operations of the program.

For 2018, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. Premiums charged by CEBCO are based upon the County's claims experience. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

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.

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

Note 6 – Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System (Continued)

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.

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 member-directed plan was 0 percent during calendar year 2018.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Champaign County Soil and Water Conservation District
Champaign County
1512 South US Highway 68, Suite E-100
Urbana, OH 43078

To the Board of Supervisors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each fund of the Champaign County Soil and Water Conservation District, Champaign 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 July 28, 2020, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture prescribes or permits. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

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*.

We also noted a certain other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 28, 2020.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 28, 2020

CHAMAPIGN COUNTY SOIL AND WATER CONSERVATION DISTRICT
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2019-001
Material Weakness

Incorrect Accounting Transactions

The District's management is responsible for the fair presentation of the financial statements. We noted several misclassifications in the financial statements and notes. The more significant adjustments are as follows.

- In 2019 and 2018, the District Fund reported a portion of the fund balance as restricted. These amounts should have been reported as assigned.
- In 2019 and 2018, the District's Special Fund Budgetary Activity note had incorrect budgetary disbursement amounts.
- In 2019 and 2018, the District's Deposit and Investments note was incorrect.

The financial statements and notes have been adjusted to present the accounting information correctly and the District has agreed with the required changes.

We recommend that the District implement internal controls over financial statement preparation to ensure that the District can detect and correct any misclassifications or misstatements prior to finalizing and filing. The Administrator can refer to Governmental Accounting Standards Board (GASB) Statement No. 54 and Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

Managements' Response – See Corrective Action Plan.

CHAMPAIGN COUNTY SOIL AND WATER CONSERVATION DISTRICT
CHAMPAIGN COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2019 and 2018

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2019-001	The District Technician will closely review all reports to ensure that each is accurately prepared and will properly allocate fund balances.	Immediately	Dale Goddard, District Technician

OHIO AUDITOR OF STATE KEITH FABER



CHAMPAIGN COUNTY SOIL AND WATER CONSERVATION DISTRICT

CHAMPAIGN 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 10/1/2020

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This report is a matter of public record and is available online at
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