



Dave Yost • Auditor of State

**DEERFIELD REGIONAL STORM WATER DISTRICT
WARREN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Position – Cash Basis.....	7
Statement of Cash Receipts, Disbursements and Changes in Net Position – Cash Basis.....	8
Notes to the Basic Financial Statements	9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Deerfield Regional Storm Water District
Warren County
4900 Parkway Drive, Suite 150
Deerfield Township, Ohio 45040

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of Deerfield Regional Storm Water District, Warren County, Ohio (the District) as of and for the years ended December 31, 2017 and December 31, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note B describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the Deerfield Regional Storm Water District, Warren County, Ohio as of and for the years ended December 31, 2017 and December 31, 2016, and the respective changes in cash financial position for the years then ended in accordance with the accounting basis described in Note B.

Accounting Basis

We draw attention to Note B of the financial statements, which describes the accounting basis. The financial statements are prepared on cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, 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.



Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2018

Deerfield Regional Storm Water District
Warren County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

This discussion and analysis, along with the accompanying financial reports, of the Deerfield Regional Storm Water District ("the District") is designed to provide our customers, creditors and other interested parties with a general overview of the District and its financial activities.

FINANCIAL HIGHLIGHTS

The District's cash and cash equivalents (and net position) increased by \$177,481 in 2017 and \$186,962 in 2016.

The District had operating cash receipts of \$560,397 in 2017 and \$558,094 in 2016. Operating cash disbursements decreased by \$1,726 from 2016 to 2017 and decreased by \$102,635 from 2015 to 2016.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The District is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Statements of Net Position-Cash Basis and the Statements of Cash Receipts, Disbursements and Changes in Net Position-Cash Basis provide information on the District's cash basis operations over the past two years and the success of recovering all its costs through user fees, charges, and other income. Receipts are reported when received in cash and disbursements are reported when paid.

The notes to the basic financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the basic financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Deerfield Regional Storm Water District
Warren County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

STATEMENTS OF NET POSITION-CASH BASIS

Table 1 summarizes the Statements of Net Position of the District.

TABLE 1	2017	2016	Change Amount	2015	Change Amount
Cash and Cash Equivalents	\$ 1,335,430	\$ 1,157,949	\$ 177,481	\$970,987	\$ 186,962
Total Assets	\$ 1,335,430	\$ 1,157,949	\$ 177,481	\$970,987	\$ 186,962
Net Position - Unrestricted	\$ 1,335,430	\$ 1,157,949	\$ 177,481	\$970,987	\$ 186,962
Total Net Position	\$ 1,335,430	\$ 1,157,949	\$ 177,481	\$970,987	\$ 186,962

The District's net position increased by \$177,481 in 2017 and by \$186,962 in 2016. The increases in 2017 and 2016 were primarily the result of less than expected engineering fees and capital outlay-type expenditures.

STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION – CASH BASIS

Table 2 below summarizes the changes in Cash Receipts, Cash Disbursements and the resulting change in Net Position – Cash Basis.

TABLE 2	2017	2016	Change Amount	2015	Change Amount
Operating Cash Receipts	\$ 560,397	\$ 558,094	\$ 2,303	\$558,422	\$ (328)
Operating Cash Disbursements	214,006	215,732	(1,726)	318,367	(102,635)
Operating Receipts Over/ (Under) Operating Disbursements	346,391	342,362	4,029	240,055	102,307
Non-Operating Cash Receipts	24,343	3,115	21,228	463	2,652
Non-Operating Cash Disbursements	(193,253)	(158,515)	(34,738)	(118,361)	(40,154)
Changes in Net Assets	177,481	186,962	(9,481)	122,157	64,805
Net Position, January 1	1,157,949	970,987	186,962	848,830	122,157
Net Position, December 31	\$ 1,335,430	\$ 1,157,949	\$ 177,481	\$970,987	\$ 186,962

Operating cash receipts remained stable from 2016 to 2017 increasing \$2,303. Operating cash disbursements also remained stable from 2016 to 2017 decreasing \$1,726.

Operating cash receipts remained stable from 2015 to 2016 decreasing \$328. The decrease of \$102,635 in operating cash disbursements from 2015 to 2016 was primarily the result of decreased cash disbursements for general and administrative services, non-capital outlay-type program expenses and customer refunds.

Deerfield Regional Storm Water District
Warren County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

Capital outlay spending accounts for all of the non-operating cash disbursements. Capital outlay spending is tied to the projects being undertaken by the District. Drainage, storm water, surveying and other capital outlay-type projects were and/or are in process during 2015, 2016 and 2017. As such, non-operating disbursements on the cash basis of accounting fluctuate from year to year depending on the volume and significance of such projects.

CAPITAL ASSETS

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$193,253 and \$158,515 during 2017 and 2016, respectively.

DEBT

As of December 31, 2017 and 2016 the District had no debt outstanding.

CASH

Cash balances as of December 31, 2017 and 2016 were \$1,335,430 and \$1,157,949, respectively.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to the Deerfield Regional Storm Water District, 4900 Parkway Drive, Suite 150, Deerfield Township, Ohio 45040.

This page intentionally left blank.

Deerfield Regional Storm Water District
Warren County
Statement of Net Position - Cash Basis
As of December 31, 2017 and 2016

	2017	2016
Assets		
Cash and Cash Equivalents	\$ 1,335,430	\$ 1,157,949
<i>Total Assets</i>	1,335,430	1,157,949
 Net Position		
Unrestricted	1,335,430	1,157,949
<i>Total Net Position</i>	\$ 1,335,430	\$ 1,157,949

See accompanying notes to the basic financial statements.

Deerfield Regional Storm Water District
Warren County
Statements of Cash Receipts, Disbursements and
Changes in Net Position - Cash Basis
For the Years Ended December 31, 2017 and 2016

	2017	2016
Operating Cash Receipts		
Charges for Services	\$ 560,397	\$ 558,094
<i>Total Operating Cash Receipts</i>	560,397	558,094
Operating Cash Disbursements		
Purchased Services	213,225	215,201
Materials and Supplies	502	531
Customer Refunds	279	-
<i>Total Operating Cash Disbursements</i>	214,006	215,732
<i>Operating Cash Receipts Over (Under) Operating Cash Disbursements</i>	346,391	342,362
Non-Operating Cash Receipts (Disbursements)		
Capital Outlay	(193,253)	(158,515)
Donations	12,500	-
Interest	11,843	3,115
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(168,910)	(155,400)
<i>Changes in Net Position</i>	177,481	186,962
<i>Net Position Beginning of Year</i>	1,157,949	970,987
<i>Net Position End of Year</i>	\$ 1,335,430	\$ 1,157,949

See accompanying notes to the basic financial statements.

NOTE A - NATURE OF ORGANIZATION

The Deerfield Regional Storm Water District, Warren County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was created on October 31, 2003 by the Warren County Court of Common Pleas to provide storm water management services to the residents of Deerfield Township in accordance with the provisions of Ohio Revised Code Section 6119. A three (3) member Board of Trustees (who are appointed by the Trustees of Deerfield Township) manage the District. Deerfield Township is a related organization to the Deerfield Regional Storm Water District. See Note F for additional information about related organizations.

In accordance with the provisions of the Governmental Accounting Standards Board (GASB), the accompanying financial statements include only the accounts and transactions of the District. Under the criteria specified by applicable GASB-promulgated Statements, the District has no component units nor is it considered a component unit of the State of Ohio. The District is considered, however, a political subdivision of the State of Ohio. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The District is not financially accountable for any other organizations. This is evidenced by the fact that the District is a legally and fiscally separate and distinct organization. The District is solely responsible for its finances. The District is empowered to issue debt payable solely from District revenues.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the District has no component units.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in preparation of the accompanying financial statements follows:

1. Basis of Accounting

These financial statements follow the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting as described above, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

These statements include adequate disclosure of material matters in accordance with the cash basis of accounting as described above.

2. **Cash and Cash Equivalents**

For reporting purposes, the District considers “Net Position” and “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the District with a maturity date less than or equal to three months from the date of purchase.

3. **Basis of Presentation - Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created a single fund type and a single fund within that fund type. The fund accounts for the governmental resources allocated to it and the segregation of cash and investments for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The fund type which the Deerfield Regional Storm Water District uses is described below:

Proprietary Fund Type – This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the District is the Enterprise Fund.

Enterprise Fund – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing certain goods or services to the general public on a continuing basis are financed or received primarily through user charges. This fund is used by the District to account for storm water management services.

4. **Budgetary Process**

The Ohio Revised Code requires the District to adopt an annual budget.

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. The District 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 balances as of January 1.

Encumbrances – The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

A summary of 2017 and 2016 budgetary activity appears in Note D.

5. **Capital Assets**

Acquisitions of capital assets (property, plant and equipment) are recorded as capital outlay disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

6. **Long-Term Obligations**

In general, bonds and loans are recorded as cash disbursements in the basic financial statements when paid and are not recorded as liabilities in the accompanying basic financial statements.

7. Net Position

Net position represents the difference between assets and liabilities. Since under the District's current basis of accounting, the District does not record any other assets other than cash and investments and does not record any liabilities, net position is equivalent to cash and investments. The District currently does not record any restrictions on their net position.

8. Operating Cash Receipts and Cash Disbursements

Operating cash receipts are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these cash receipts are charges for storm water management services provided. Operating cash disbursements are necessary costs incurred to provide the goods and/or services that are the primary activity of the fund.

NOTE C – CASH AND INVESTMENTS

Monies held by the District are classified into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies are maintained either as cash in the district treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits held by the District are invested in accordance with Ohio Revised Code Section 6119.16 which states that, "Moneys in the funds of a regional water and sewer district, except as otherwise provided in any resolution authorizing the issuance of its water resource revenue bonds or in any trust agreement securing the same, in excess of current needs, may be invested in notes, bonds, or other obligations of the United States or of any agency or instrumentality thereof, or in obligations of this state or any political subdivision thereof. Income from all such investments of moneys in any fund shall be credited to such funds as the district determines, subject to the provisions of any such resolution or trust agreement, and such investments may be sold at such times and at such prices as the district determines."

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as a security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District's deposits may not be returned. The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by: (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or (2) Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Deerfield Regional Storm Water District
Warren County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016

Deposits: As of December 31, 2017, the District's bank balance of \$1,352,394 is either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above. As of December 31, 2016, the District's bank balance of \$1,173,131 is either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

NOTE D – BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2017 and 2016 was as follows:

<u>Budgeted vs. Actual Receipts</u>	<u>2017</u>	<u>2016</u>
Budgeted Receipts	\$ 540,171	\$ 540,171
Actual Receipts	584,740	561,209
Variance	<u>\$ 44,569</u>	<u>\$ 21,038</u>

<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>	<u>2017</u>	<u>2016</u>
Appropriation Authority	\$ 967,571	\$ 668,676
Budgetary Expenditures	524,270	497,723
Variance	<u>\$ 443,301</u>	<u>\$ 170,953</u>

NOTE E – RISK MANAGEMENT

The District is exposed to various risks of loss due to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracts with Municipal Insurance Alliance of Ohio for all their risk management needs. Settlement amounts did not exceed insurance coverage for the past three fiscal years and there were no significant reductions in coverage from the prior year.

NOTE F – RELATED ORGANIZATIONS

Deerfield Township is a related organization to the Deerfield Regional Storm Water District. The Township Trustees are responsible for appointing the Trustees of the Deerfield Regional Storm Water District, however, the Township Trustees cannot influence the District's operation nor does the Township represent a potential financial benefit or burden to the District.

In addition, the District contracted with Deerfield Township for various program, administrative and fiscal services as follows:

- Payments totaling \$56,015 and \$55,307 in 2017 and 2016, respectively, were issued to Deerfield Township for administration and fiscal services, and
- Payments totaling \$74,889 in 2016 were issued to Deerfield Township in connection with an intergovernmental agreement between the District, Deerfield Township and the Warren County Soil and Water Conservation District, for professional services related to storm water management activities in accordance with the OEPA's MS4 Permit requirements.
- The District utilized the Township's building free of charge.

The monetary exchanges above represent approximately 14% and 35% of the total expenditures for fiscal years 2017 and 2016, respectively.



Dave Yost • Auditor of State

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

Deerfield Regional Storm Water District
Warren County
4900 Parkway Drive, Suite 150
Deerfield Township, Ohio 45040

To the Board of Trustees:

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 business-type activities of the Deerfield Regional Storm Water District, Warren County, (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 26, 2018, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2018



Dave Yost • Auditor of State

DEERFIELD REGIONAL STORM WATER DISTRICT

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST, 9 2018