



OHIO AUDITOR OF STATE  
**KEITH FABER**





**HAMILTON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
HAMILTON COUNTY  
DECEMBER 31, 2020 and 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Hamilton County Soil and Water Conservation District  
Hamilton County  
1325 East Kemper Road, Suite 115  
Cincinnati, Ohio 45246

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 Hamilton County Soil and Water Conservation District, Hamilton County, Ohio (the District), as of and for the years ended December 31, 2020 and 2019.

### ***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, 2020 and 2019, 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 Hamilton County Soil and Water Conservation District, Hamilton County, Ohio, as of and for the years ended December 31, 2020 and 2019 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 for 2020, the financial impact of COVID-19 and the continuing 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 December 14, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 14, 2021

<b>Hamilton County Soil and Water Conservation District</b>				
<i>Hamilton 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, 2020</i>				
				Totals
	District	Special	Other	(Memorandum
	Fund	Fund	Funds	Only)
<b>Cash Receipts</b>				
Grants				
Local Government	\$0	\$754,975	\$0	\$754,975
State Government	0	235,271	\$32,916	268,187
Federal Government	0	0	\$59,840	59,840
Gifts and Contributions	19,379	25,180	\$27,249	71,808
Sale of Products/Materials	592	6,678		7,270
All Other Revenue	487	3,160	\$57	3,704
<i>Total Cash Receipts</i>	20,458	1,025,264	120,062	1,165,784
<b>Cash Disbursements</b>				
Salaries	0	463,448	22,430	485,878
Supplies	68	8,015	0	8,083
Equipment	0	35,391	0	35,391
Contract Repairs	0	1,747	0	1,747
Contract Services/Cost Share Payment	0	31,710	8,400	40,110
Rentals	0	57,546	0	57,546
Service Fees	18	217	0	235
Information and Education	1,188	5,585	186	6,959
Travel and Expenses	0	5,649	0	5,649
Advertising and Printing	60	28,705	300	29,065
OPERS	0	61,335	3,141	64,476
Unemployment Compensation	0	1,799	0	1,799
Hospitalization	0	135,360	6,992	142,352
Medicare	0	6,451	325	6,776
Product/Materials for Resale	99	1,000	0	1,099
Vehicle Rental/Liability Insurance	0	757	0	757
Other	461	48,396	28	48,885
<i>Total Cash Disbursements</i>	1,894	893,111	41,802	936,807
<i>Excess of Receipts Over (Under) Disbursements</i>	18,564	132,153	78,260	228,977
<i>Net Change in Fund Cash Balances</i>	18,564	132,153	78,260	228,977
<i>Fund Cash Balances, January 1</i>	58,805	734,056	57,257	850,118
<i>Fund Cash Balances, December 31</i>	\$77,369	\$866,209	\$135,517	\$1,079,095
<i>See accompanying notes to the basic financial statements</i>				

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**Hamilton County Soil and Water Conservation District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Hamilton County Soil and Water Conservation District, (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 urban and agricultural lands through education, technical assistance and leadership. The District receives local and state appropriations to provide services and address local resource concerns. The District contracts with the following: Hamilton County Planning and Development for Accela software migration, Kemper Pond Office Park LLC for office rental, iHeart Media for advertising, and Sinclair Media III Inc. for advertising, Millennium Business Systems for copier maintenance, Cincinnati Zoo & Botanical Garden for event services, Consulting Services Inc of Kentucky for geotech services, Terracon Consultants for geotech services, Rasor Marketing Communications for marketing services and Sustainable Streams LLC for stream restoration.

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

The District participates in a jointly governed Regional Storm Water Collaborative, Save Local Waters. Note 9 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Other Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

***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.

**Hamilton County Soil and Water Conservation District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Budgetary Process***

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

***Appropriations*** Budgetary expenditures may not exceed appropriations at the fund and object level 1 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 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

The Hamilton 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 Hamilton County, Jill A. Schiller, 513-946-4820, located at 138 E. Court Street, Room 402, Cincinnati, OH 45202.

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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

***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.

**Hamilton County Soil and Water Conservation District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the special and district funds is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
Special	\$1,215,468	\$1,145,326	(\$70,142)

  

2020 Budgeted vs. Actual Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
Special	\$1,319,907	\$934,986	\$384,921

**Note 4 – Deposits and Investments**

The District maintains a deposits and investments pool all funds use, except the Special Fund which is maintained by the Hamilton County Treasurer, Jill A. Schiller. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2020
Demand deposits	26,472
Certificates of deposit	21,292
Other time deposits (savings and NOW accounts)	29,605
Credit Card Rewards	129
County Treasurer Deposits	1,001,597
Total deposits	1,079,095

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation 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.

**Hamilton County Soil and Water Conservation District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 5 – Risk Management**

Beginning in 1990, the County established an internal service fund titled Workers' Compensation Reserve to account for and finance its workers' compensation claims risk. All departments of the County participate in the program and make per capita payments to the internal service fund. The claims liability reported in the workers' compensation internal service funds at December 31, 2020, is based on the requirements of Governmental Accounting Standards Board Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The County uses a prospectively billed program provided under the Bureau of Ohio Workers' Compensation to cover injured workers' claims.

The County's historical changes in claims payable during the past two years are as follows (amounts in thousands):

<u>Year</u>	<u>Beginning Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2019	\$617	\$109	\$(15)	\$711
2020	711	436	(584)	563

***Workers' Compensation***

The County purchases workers' compensation coverage through the mandated Ohio Bureau of Workers' Compensation (OBWC) State fund. Annually the County applies to use a retrospectively rated policy. This insurance program allows the County to participate in a retrospective payment plan of a given policy year.

Under the retrospectively rated policy, the County pays a minimum premium rather than the standard Cost Guaranteed program premium under the Merit Rated Program. In return for paying a smaller premium, the County agrees to annually reimburse the OBWC the medical and compensation payments the Bureau made on behalf of the County's workers' compensation claimants for each of the first ten years of each claim occurring within the policy year. At the end of the tenth year following the policy year, the County pays the Bureau the reserve left on each of that policy year's claims. Once the tenth-year buyout is made, the OBWC is responsible for 100% of the claim.

The annual retrospective policy premiums are made in two payments. The minimum premium is paid in December in advance of the upcoming year. The retrospective claims cost billing occurs in March or April of each year. The annual bills vary from year to year due to varying claim expenses in each active retrospective policy year and the County's minimum premiums that are due.

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

The District is uninsured for the following risks:

- Vehicles; and
- Errors and omissions.

District employees are protected for their actions as long as they do not act in a "willful, wanton, or reckless manner or with malicious intent." The Prosecutor will defend the employee and the BOCC is responsible for any decisions against the County as a result of their actions. Because there is not insurance policy, we are technically not "covered," but we are protected.

**Hamilton County Soil and Water Conservation District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Self-Insurance**

The County provides employees' health-care coverage through a self-insurance program. The County maintains a self-insurance internal service fund to account for the finance of its uninsured risks of loss in this program. Anthem reviews all claims for Anthem plans, which are then paid by the County. Separately, the County purchases stop loss Coverage from SunLife of \$500,000 per employee.

The County pays into the self-insurance internal service fund based on one of three plan options, according to the grid below (amounts not rounded). In 2020, the County collected the monthly District's employer cost in February. The premium is paid by the fund that pays the salary for the employee and is based on historic cost information.

Medical Insurance	Coverage Level	Monthly Plan Value	Monthly Employer Cost	Monthly Employee Contribution	Biweekly Employee Contribution
Blue \$3000	Single	\$615.49	\$560.10	\$55.39	\$25.56
	Double	\$1,230.49	\$1,119.75	\$110.74	\$51.11
	Family	\$1,932.89	\$1,758.93	\$173.96	\$80.29
Green \$1500	Single	\$683.87	\$601.81	\$82.06	\$37.87
	Double	\$1,367.21	\$1,203.14	\$164.07	\$75.72
	Family	\$2,147.65	\$1,889.93	\$257.72	\$118.95
Orange \$500	Single	\$803.63	\$522.36	\$281.27	\$129.82
	Double	\$1,606.62	\$1,044.30	\$562.32	\$259.53
	Family	\$2,523.72	\$1,640.42	\$883.30	\$407.68

A portion of the claims liability (\$4,604,000) reported in the Medical Self-Insurance Fund at December 31, 2020, is estimated by the external actuarial and is based on the requirements of GASB 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

The County's historical changes in claims payable during the past two years are as follows (amounts in thousands):

Year	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2019	\$6,463	\$50,443	\$(52,206)	\$4,700
2020	4,700	55,248	(55,208)	4,740

The County is Self-Insured for liability, ORC section 2744.08 refers. This applies to all County departments and agencies. Any claims or judgements are paid from the General Fund.

**Note 6 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

All District 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.

**Hamilton County Soil and Water Conservation District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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, 2020.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2020</i>	<i>10%</i>	<i>14%</i>

**Note 7 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 8 – Contingent Liabilities**

The District is a defendant with two lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District's financial condition.

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 9 – Joint Ventures**

Save Local Water is a Regional Storm Water Collaborative of MS4 jurisdictions in Southwest Ohio and Northern Kentucky joined together to fulfill the education and community involvement component of the USEPA NPDES Phase II program. Each jurisdiction pays in .025/capita for mass media marketing and programs. General disbursements are for general supplies and program costs. Revenues are membership fees.

**Note 10 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. At the time of preparing the Notes, the unclaimed balance is as of October 31, 2021 as the last two months of the year information were not yet available. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<b>Fund Balances</b>	<b>Special</b>	<b>District</b>	<b>Other Funds</b>	<b>Total</b>
<b>Nonspendable:</b>				
Unclaimed Monies	\$442	\$0	\$0	\$442
Outstanding Encumbrances	95,346	0	23,275	118,621
<b>Total</b>	<b>\$95,788</b>	<b>\$0</b>	<b>\$23,275</b>	<b>\$119,063</b>

The fund balance of the other funds is either restricted or committed. These restricted, committed, and assigned amounts in the other funds would include the outstanding encumbrances. In the special and district funds, outstanding encumbrances are considered assigned.

**Hamilton County Soil and Water Conservation District**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 11 – Change in Accounting Principle**

For 2020, the District has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. During 2020, the Entity received \$1,632 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund. (See AOS Bulletin 2000-008)

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<b>Hamilton County Soil and Water Conservation District</b>			
<i>Hamilton 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	(Memorandum
	Fund	Fund	Only)
<b>Cash Receipts</b>			
Grants			
Local Government	\$0	\$690,827	\$690,827
State Government	0	201,240	201,240
Federal Government	0	30,965	30,965
Gifts and Contributions	0	30,662	30,662
Sale of Products/Materials	3,200	12,275	15,475
All Other Revenue	9,228	4,207	13,435
<i>Total Cash Receipts</i>	12,428	970,176	982,604
<b>Cash Disbursements</b>			
Salaries	0	529,270	529,270
Supplies	286	9,823	10,109
Equipment	0	6,225	6,225
Contract Repairs	0	9,258	9,258
Contract Services/Cost Share Payment	0	21,356	21,356
Rentals	0	56,397	56,397
Service Fees	105	376	481
Information and Education	3,873	10,926	14,799
Travel and Expenses	0	15,338	15,338
Advertising and Printing	3,662	49,907	53,569
OPERS	0	73,917	73,917
Hospitalization	0	121,461	121,461
Medicare	0	7,429	7,429
Vehicle Rental/Liability Insurance	0	739	739
Annual Meeting/Banquet	2,507	0	2,507
Other	225	57,052	57,277
<i>Total Cash Disbursements</i>	10,658	969,474	980,132
<i>Excess of Receipts Over (Under) Disbursements</i>	1,770	702	2,472
<i>Net Change in Fund Cash Balances</i>	1,770	702	2,472
<i>Fund Cash Balances, January 1</i>	57,035	790,611	847,646
<b>Fund Cash Balances, December 31</b>			
Restricted	0	160,093	160,093
Committed	2,726	0	2,726
Assigned	0	616,820	616,820
Unassigned (Deficit)	56,079	14,400	70,479
<i>Fund Cash Balances, December 31</i>	\$58,805	\$791,313	\$850,118
<i>See accompanying notes to the basic financial statements</i>			

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

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Hamilton County Soil and Water Conservation District, Hamilton 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 urban and agricultural lands through education, technical assistance and leadership. The District receives local and state appropriations to provide services and address local resource concerns.

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

The District participates in a jointly governed Regional Storm Water Collaboration, Save Local Waters. Note 9 to the financial statements provide additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***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.

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

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***Budgetary Process***

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

***Appropriations*** Budgetary expenditures may not exceed appropriations at the fund, function or object level of control. The levels of funding and expenditures are personnel expenses, operating expenses and capital outlay, 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 Hamilton 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 Hamilton County, Jill A. Schiller, 513-946-4820, located at 138 E. Court Street, Room 402, Cincinnati, OH 45202.

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. Office equipment and vehicles are owned by Hamilton County.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

**Hamilton County Soil and Water Conservation District**  
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*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	\$971,579	\$970,176	(\$1,403)

  

Fund	Appropriation Authority	Actual Expenditures	Variance
Special	\$1,202,525	\$969,474	\$233,051

**Hamilton County Soil and Water Conservation District**  
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**Note 4 – Deposits and Investments**

The District maintains a deposits and investments pool all funds use, except the Special Fund which is maintained by the Hamilton County Treasurer, Jill A. Schiller. 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	\$8,303
Certificates of deposit	20,886
Other time deposits (savings and NOW accounts)	29,543
Credit Card Rewards	73
County Treasurer Deposits	791,313
Total deposits	850,118

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation 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.

At December 31, 2019, \$791,313 of deposits were not insured or collateralized by securities held in the County's name contrary to Ohio law.

**Note 5 - Risk Management**

Beginning in 1990, the County established an internal service fund titled Workers' Compensation Reserve to account for and finance its workers' compensation claims risk. All departments of the County participate in the program and make per capita payments to the internal service fund. The claims liability reported in the workers' compensation internal service funds at December 31, 2019, is based on the requirements of Governmental Accounting Standards Board Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The County uses a prospectively billed program provided under the Bureau of Ohio Workers' Compensation to cover injured workers' claims.

The County's historical changes in claims payable during the past two years are as follows (amounts in thousands):

Year	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2018	1,354	23	\$(760)	617
2019	617	109	\$(15)	711

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;

The District is self-insured for the following risks:

- Vehicles; and
- Errors and omissions.

**Hamilton County Soil and Water Conservation District**  
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County employees are protected for their actions as long as they do not act in a “willful, wanton, or reckless manner or with malicious intent. The Prosecutor will defend the employee and the Board of County Commissioners is responsible for any decisions against the County as a result of their actions. Because there is not an insurance policy, we are technically not “covered,” but we are protected.

**Self-Insurance**

The County provides employees’ health-care coverage through a self-insurance program. The County maintains a self-insurance internal service fund to account for the financing of its uninsured risks of loss in this program. Anthem reviews all claims for Anthem plans, which are then paid by the County. Separately, the County purchases stop loss Coverage from SunLife of \$500,000 per employee with an aggregate limit of 120% of expected claims and a \$5,000,000 lifetime (per member) maximum.

The County pays into the self-insurance internal service fund based on one of three plan options, according to the grid below (amounts not rounded). In 2019, the County collected the monthly District’s employer cost in February. The premium is paid by the fund that pays the salary for the employee and is based on historic cost information.

Medical Insurance	Coverage Level	Monthly Plan Value	Monthly Employer Cost	Monthly Employee Contribution	Biweekly Employee Contribution
Blue \$3000	Single	\$541.41	\$493.80	\$47.61	\$21.97
	Double	\$1,082.40	\$1,005.61	\$76.79	\$35.44
	Family	\$1,700.26	\$1,590.17	\$110.09	\$50.81
Green \$1500	Single	\$601.57	\$531.22	\$70.35	\$32.47
	Double	\$1,202.66	\$1,072.89	\$129.77	\$59.89
	Family	\$1,889.17	\$1,691.53	\$197.64	\$91.22
Orange \$500	Single	\$706.91	\$459.49	\$247.42	\$114.19
	Double	\$1,413.26	\$,918.62	\$494.64	\$228.30
	Family	\$2,219.99	\$1,442.99	\$777.00	\$358.62

A portion of the claims liability (\$4,671,000) reported in the Medical Self-Insurance Fund at December 31, 2019, is estimated by the external actuarial and is based on the requirements of GASB 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

The County’s historical changes in claims payable during the past two years are as follows (amounts in thousands):

Year	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
2018	\$4,336	\$50,151	\$(48,024)	\$6,463
2019	6,463	50,443	(52,206)	4,700

**Self-Insurance Footnote Comments:**

The County is Self-Insured for liability, ORC section 2744.08 refers. This applies to all County departments and agencies. Any claims or judgements are paid from the General Fund.

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**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

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

**Note 7 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to Health Reimbursement Arrangements, 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.

**Note 8 – Construction and Contractual Commitments**

The District Received an Ohio Environmental Education Fund grant during the year of 2018. The contract for the project is to install a flap gate in one of Hamilton County's communities. All of the balance of \$40,726 is encumbered/committed for the project. The balance \$40,726 of the funds will be used to complete the project with an anticipated date in 2020 or sooner.

**Note 9 – Joint Ventures**

Save Local Water is a Regional Storm Water Collaborative of MS4 jurisdictions in Southwest Ohio and Northern Kentucky joined together to fulfill the education and community involvement component of the USEPA NPDES Phase II program. Each jurisdiction pays in .025/capita for mass media marketing and programs. General disbursements are for general supplies and program costs. Revenues are membership fees.



# OHIO AUDITOR OF STATE KEITH FABER



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Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

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

Hamilton County Soil and Water Conservation District  
Hamilton County  
1325 East Kemper Road, Suite 115  
Cincinnati, Ohio 45246

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 as of and for the years ended December 31, 2020 and 2019, and related notes of the Hamilton County Soil and Water Conservation District, Hamilton County, Ohio (the District), and have issued our report thereon dated December 14, 2021, wherein we noted the District followed financial reporting provisions the Ohio Department of Agriculture permits. We also noted the financial impact of COVID-19 and the continuing emergency measures which 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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  
December 14, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**HAMILTON COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**HAMILTON 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 12/28/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)