

***MIAMI COUNTY SOIL AND WATER CONSERVATION DISTRICT  
MIAMI COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2019 & 2018***





OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

Board of Supervisors  
Miami County Soil and Water Conservation District  
1330 North County Road 25A, Suite C  
Troy, Ohio 45373

We have reviewed the *Independent Auditor's Report* of the Miami County Soil and Water Conservation District, Miami 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 Miami County Soil and Water Conservation District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 2, 2020

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**MIAMI COUNTY SOIL AND WATER CONSERVATION DISTRICT  
MIAMI COUNTY  
REGULAR AUDIT  
For Years Ending December 31, 2019 and 2018**

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**INDEPENDENT AUDITOR'S REPORT**

Miami County Soil and Water District  
Miami County  
1330 North County Road 25A, Suite C  
Troy, Ohio 45373

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit 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, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

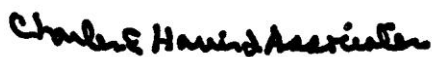
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund, and related notes of the Miami County Soil and Water Conservation District, Miami County, Ohio as of and for the years ended December 31, 2019 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 9 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinions regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 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.***  
May 17, 2020



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

|  | District<br>Fund | Special<br>Fund   | Other<br>Funds   | Totals<br>(Memorandum<br>Only) |
|--|------------------|-------------------|------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                  |                   |                  |                                |
| Special Assessments                                  | \$ -             | \$ 158,218        | \$ -             | 158,218                        |
| Grants   |                  |                   |                  |                                |
| Local Government                                     | -                | 185,649           | -                | 185,649                        |
| State Government                                     | -                | 140,846           | -                | 140,846                        |
| Sale of Products/Materials                           | 12,304           | -                 | -                | 12,304                         |
| Rentals  | 12,179           | 6,090             | -                | 18,269                         |
| All Other Revenue                                    | 21,725           | -                 | 104              | 21,829                         |
| <i>Total Cash Receipts</i>                           | <u>46,208</u>    | <u>490,803</u>    | <u>104</u>       | <u>537,115</u>                 |
| <b>Cash Disbursements</b>                            |                  |                   |                  |                                |
| Salaries   | -                | 216,091           | -                | 216,091                        |
| Supplies   | 655              | 626               | -                | 1,281                          |
| Equipment  | 5,900            | -                 | -                | 5,900                          |
| Contract Services/Cost Share Payment                 | 2,924            | 43,207            | 60,299           | 106,430                        |
| Rentals  | 6,090            | 16,789            | -                | 22,879                         |
| Service Fees   | -                | 2,690             | -                | 2,690                          |
| Information and Education                            | 1,503            | -                 | -                | 1,503                          |
| Travel and Expenses                                  | 11,979           | 495               | -                | 12,474                         |
| Advertising and Printing                             | 778              | 7,070             | -                | 7,848                          |
| OPERS  | -                | 30,253            | -                | 30,253                         |
| Worker's Compensation                                | -                | 3,367             | -                | 3,367                          |
| Hospitalization                                      | -                | 43,916            | -                | 43,916                         |
| Medicare   | -                | 2,944             | -                | 2,944                          |
| Product/Materials for Resale                         | 7,054            | -                 | -                | 7,054                          |
| Annual Meeting/Banquet                               | 1,772            | -                 | -                | 1,772                          |
| Other  | 18,921           | 24,998            | 1,158            | 45,077                         |
| Debt Service:  |                  |                   |                  |                                |
| Principal Retirement                                 | -                | 427,000           | -                | 427,000                        |
| Interest and Fiscal Charges                          | -                | 13,839            | -                | 13,839                         |
| <i>Total Cash Disbursements</i>                      | <u>57,576</u>    | <u>833,285</u>    | <u>61,457</u>    | <u>952,318</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (11,368)         | (342,482)         | (61,353)         | (415,203)                      |
| <b>Other Financing Sources</b>                       |                  |                   |                  |                                |
| Debt Proceeds  | -                | 325,000           | -                | 325,000                        |
| Other Financing Sources                              | -                | 3,227             | -                | 3,227                          |
| <i>Total Other Financing Sources</i>                 | <u>-</u>         | <u>328,227</u>    | <u>-</u>         | <u>328,227</u>                 |
| <i>Net Change in Fund Cash Balances</i>              | (11,368)         | (14,255)          | (61,353)         | (86,976)                       |
| <i>Fund Cash Balances, January 1</i>                 | <u>29,995</u>    | <u>598,270</u>    | <u>95,247</u>    | <u>723,512</u>                 |
| <b>Fund Cash Balances, December 31</b>               |                  |                   |                  |                                |
| Restricted   | -                | 52,222            | 33,894           | 86,116                         |
| Committed  | 7,252            | -                 | -                | 7,252                          |
| Assigned   | -                | 531,793           | -                | 531,793                        |
| Unassigned (Deficit)                                 | 11,375           | -                 | -                | 11,375                         |
| <i>Fund Cash Balances, December 31</i>               | <u>\$ 18,627</u> | <u>\$ 584,015</u> | <u>\$ 33,894</u> | <u>\$ 636,536</u>              |

*See accompanying notes to the basic financial statements*

# Miami Soil & Water Conservation District

Miami 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 Miami Soil and Water Conservation District, Miami 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 Pool*

The District participated in a certain organization which is defined as a public entity risk pool. Note 5 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.

***Other Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Funds: *USFWS Dam Removal Feasibility Study*.

**Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies – (Continued)**

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures may not exceed appropriations at the fund 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 Miami 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 Miami County Treasurer, Jim Stubbs, 937-440-6045, located at 201 West Main Street, Troy, Ohio 45373.

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

***Accumulated Leave***

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

**Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**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 Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues 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.

**Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ended December 31, 2019 follows:

| 2019 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund                              | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| Special                           | \$669,250            | \$819,030          | \$149,780 |

| 2019 Budgeted vs. Actual Budgetary Basis Disbursements |                            |                            |          |
|--|----------------------------|----------------------------|----------|
| Fund   | Appropriation<br>Authority | Budgetary<br>Disbursements | Variance |
| Special  | \$861,256                  | \$833,285                  | \$27,971 |

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

|                           |                          |
|---------------------------|--------------------------|
| Demand deposits           | <u>2019</u><br>\$ 52,521 |
| County Treasurer deposits | <u>584,015</u>           |
| Total deposits            | <u>\$ 636,536</u>        |

***Deposits***

Demand deposits 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**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The District has obtained Ohio Employers Liability Defense Coverage commercial insurance for the following risks:

- Commercial Property Coverage
- Commercial General Liability Coverage
- Commercial Auto Coverage
- Commercial Umbrella

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There was no significant reduction in coverage from prior years.

## **Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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### **Note 5 – Risk Management – (Continued)**

#### **Risk Pool Membership**

##### **County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc (CORSA), is a jointly governed organization among sixty-one counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote to be cast by a designated representative. The affairs of CORSA are managed by an elected Board of not more than nine Trustees. Only County Commissioners of member counties are eligible to serve of the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

#### **Employee Health Care**

##### **Miami County Commissioners Healthcare Plan for Employees.**

Each employee is entitled to health insurance plan that is provided by the Miami County Commissioners, which are self-insured and uses a third party vendor to administer the program.

### **Note 6 – Defined Benefit Pension Plan**

#### ***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.

### **Note 7 – Postemployment Benefits**

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

## **Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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### **Note 8 – Debt**

The District repaid the \$427,000 loan from the Miami County Commissioners during 2019. The District received a loan from the Miami County Commissioners in October 2019 for \$325,000 at 3.5% due on April 16, 2020. Caldwell Ditch Project includes several properties along Brown, Stillwell, Bausman and Farrington roads. The project is estimated to cost about \$431,990. The scope of the work includes about 654 acres of tile replacement and 1,500 acres of open channel clean out. During 2019 the District received \$158,218 in special assessments from property owners, Caldwell Partners.

### **Note 9 – 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.

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

|   | District<br>Fund | Special<br>Fund   | Other<br>Funds   | Totals<br>(Memorandum<br>Only) |
|---|------------------|-------------------|------------------|--------------------------------|
| <b>Cash Receipts</b>                                    |                  |                   |                  |                                |
| Grants  |                  |                   |                  |                                |
| Local Government  | \$ -             | \$ 185,649        | \$ 56,824        | \$ 242,473                     |
| State Government  | -                | 130,391           | -                | 130,391                        |
| Federal Government                                      | 42,590           | -                 | -                | 42,590                         |
| Gifts and Contributions                                 | 750              | -                 | -                | 750                            |
| Sale of Products/Materials                              | 12,711           | -                 | -                | 12,711                         |
| Rentals   | 12,179           | 12,179            | -                | 24,358                         |
| All Other Revenue                                       | 21,547           | 314               | 82               | 21,943                         |
| <i>Total Cash Receipts</i>                              | <u>89,777</u>    | <u>328,533</u>    | <u>56,906</u>    | <u>475,216</u>                 |
| <b>Cash Disbursements</b>                               |                  |                   |                  |                                |
| Salaries  | -                | 210,529           | -                | 210,529                        |
| Supplies  | 3,522            | 402               | -                | 3,924                          |
| Equipment   | -                | 4,638             | -                | 4,638                          |
| Contract Services/Cost Share Payment                    | 3,456            | 387,255           | 4,031            | 394,742                        |
| Rentals   | 12,179           | 16,789            | -                | 28,968                         |
| Service Fees  | 35               | 2,690             | -                | 2,725                          |
| Information and Education                               | 100              | -                 | -                | 100                            |
| Travel and Expenses                                     | 7,721            | 342               | -                | 8,063                          |
| Advertising and Printing                                | 4,298            | 5,955             | -                | 10,253                         |
| OPERS   | -                | 29,474            | -                | 29,474                         |
| Worker's Compensation                                   | -                | 3,044             | -                | 3,044                          |
| Hospitalization   | -                | 39,278            | -                | 39,278                         |
| Medicare  | -                | 2,853             | -                | 2,853                          |
| Product/Materials for Resale                            | 6,741            | -                 | -                | 6,741                          |
| Annual Meeting/Banquet                                  | 2,829            | -                 | -                | 2,829                          |
| Other   | 17,971           | 23,940            | 218              | 42,129                         |
| <i>Total Cash Disbursements</i>                         | <u>58,852</u>    | <u>727,189</u>    | <u>4,249</u>     | <u>790,290</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i>    | 30,925           | (398,656)         | 52,657           | (315,074)                      |
| <b>Other Financing Receipts (Disbursements)</b>         |                  |                   |                  |                                |
| Debt Proceeds   | -                | 427,000           | -                | 427,000                        |
| Transfers In  | -                | -                 | 42,590           | 42,590                         |
| Transfers Out   | (42,590)         | -                 | -                | (42,590)                       |
| <i>Total Other Financing Receipts and Disbursements</i> | <u>(42,590)</u>  | <u>427,000</u>    | <u>42,590</u>    | <u>427,000</u>                 |
| <i>Net Change in Fund Cash Balances</i>                 | (11,665)         | 28,344            | 95,247           | 111,926                        |
| <i>Fund Cash Balances, January 1</i>                    | <u>41,660</u>    | <u>569,926</u>    | <u>-</u>         | <u>611,586</u>                 |
| <b>Fund Cash Balances, December 31</b>                  |                  |                   |                  |                                |
| Restricted  | -                | 48,776            | 95,247           | 144,023                        |
| Committed   | 8,382            | -                 | -                | 8,382                          |
| Assigned  | -                | 549,494           | -                | 549,494                        |
| Unassigned (Deficit)                                    | 21,613           | -                 | -                | 21,613                         |
| <i>Fund Cash Balances, December 31</i>                  | <u>\$ 29,995</u> | <u>\$ 598,270</u> | <u>\$ 95,247</u> | <u>\$ 723,512</u>              |

See accompanying notes to the basic financial statements



## **Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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### **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Miami Soil and Water Conservation District, Miami 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 Pool***

The District participated in a certain organization which is defined as a public entity risk pool. Note 5 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.

**Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies – (Continued)**

***Other Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Other Funds: *USFWS Dam Removal Feasibility Study*.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures may not exceed appropriations at the fund 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 Miami 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 Miami County Treasurer, Jim Stubbs, 937-440-6045, located at 201 West Main Street, Troy, Ohio 45373.

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

***Accumulated Leave***

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

**Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**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 Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues 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.

**Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 3 – Special Fund Budgetary Activity**

Budgetary activity for the year ended December 31, 2018 follows:

| 2018 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund                              | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| Special                           | \$770,710            | \$755,533          | (\$15,177) |

| 2018 Budgeted vs. Actual Budgetary Basis Disbursements |                            |                            |          |
|--|----------------------------|----------------------------|----------|
| Fund   | Appropriation<br>Authority | Budgetary<br>Disbursements | Variance |
| Special  | \$786,727                  | \$727,189                  | \$59,538 |

**Note 4 – Deposits and Investments**

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

|                           |                   |
|---------------------------|-------------------|
|                           | <u>2018</u>       |
| Demand deposits           | \$ 125,242        |
| County Treasurer deposits | <u>598,270</u>    |
| Total deposits            | <u>\$ 723,512</u> |

***Deposits***

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

**Note 5 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The District has obtained Ohio Employers Liability Defense Coverage commercial insurance for the following risks:

- Commercial Property Coverage
- Commercial General Liability Coverage
- Commercial Auto Coverage
- Commercial Umbrella

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There was no significant reduction in coverage from prior years.

## **Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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### **Note 5 – Risk Management – (Continued)**

#### **Risk Pool Membership**

##### **County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc (CORSA), is a jointly governed organization among sixty-one counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote to be cast by a designated representative. The affairs of CORSA are managed by an elected Board of not more than nine Trustees. Only County Commissioners of member counties are eligible to serve of the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

#### **Employee Health Care**

##### **Miami County Commissioners Healthcare Plan for Employees**

Each employee is entitled to health insurance plan that is provided by the Miami County Commissioners, which are self-insured and uses a third party vendor to administer the program.

### **Note 6 – Defined Benefit Pension Plan**

#### ***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

### **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 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 2.0 percent during calendar year 2018.

**Miami Soil & Water Conservation District**

*Miami County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 8 – Debt**

The District borrowed \$427,000 from the Miami County Commissioners on October 11, 2018 for the Caldwell Ditch Project. The loan was due in one year. Caldwell Ditch Project includes several properties along Brown, Stillwell, Bausman and Farrington roads. The project is estimated to cost about \$431,990. The scope of the work includes about 654 acres of tile replacement and 1,500 acres of open channel clean out. The cost of the project is to be paid for by Property owners in the affected area through special assessments.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Miami County Soil and Water District  
Miami County  
1330 North County Road 25A, Suite C  
Troy, Ohio 45373

To the Board of Supervisors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each fund of the Miami County Soil and Water Conservation District, Miami County, Ohio (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 May 17, 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***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. 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 obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 17, 2020.

***Entity'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***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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.*  
May 17, 2020



MIAMI COUNTY SOIL AND WATER CONSERVATION DISTRICT  
MIAMI 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. Errors were noted in the financial statements which resulted in several audit adjustments.

- In 2019 and 2018, we noted several transactions, a transfer, several receipts and a debt payment that were incorrectly reported in the annual financial report.
- A transfer of money to the USFWS Project Fund was reported as other cash disbursements instead of transfer. The Other funds reported the receipt of that transfer as a Federal Grant instead of transfer in.
- Money received from the Miami County Commissioners for the Caldwell Ditch Project was reported as other cash receipts instead of debt proceeds. The repayment of the loan was reported as other disbursements instead of principal and interest.
- Special Assessments received for the Caldwell Ditch Project were reported as Other receipts instead of special assessments.
- In 2019 and 2018 fund balances for the District Fund were not properly classified between Assigned and Unassigned based on Governmental Accounting Standards Board Statement No. 54. Whenever district fund subsequent year appropriations exceed estimated receipts, the excess amount must be classified as assigned.

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

We recommend that consideration be given to analyzing the nature of transactions occurring during the normal course of business to ensure that they are posted to the proper accounts. We recommend further that all entries be reviewed and approved by the District Board monthly. We also recommend the District refer to GASB Statement No. 54 and Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

We also recommend the District Administrator refer to the Ohio Administrative Code and Ohio Auditor of State information for guidance to determine the proper posting of receipts and disbursements.

**Managements' Response** – See Corrective Action Plan.

**MIAMI COUNTY SOIL AND WATER CONSERVATION DISTRICT  
MIAMI COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| FINDING<br>NUMBER | PLANNED CORRECTIVE<br>ACTION  | ANTICIPATED<br>COMPLETION<br>DATE | RESPONSIBLE<br>CONTACT<br>PERSON     |
|-------------------|---|-----------------------------------|--------------------------------------|
| 2019-001          | District Administrator will closely review all transfers and properly record receipts and correctly report debt payments. | Immediately                       | Kreg Smail<br>District Administrator |

# OHIO AUDITOR OF STATE KEITH FABER



**MIAMI COUNTY SOIL AND WATER CONSERVATION DISTRICT**

**MIAMI 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 8/13/2020**

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)