



**UPPER SCIOTO DRAINAGE & CONSERVANCY DISTRICT
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

UPPER SCIOTO DRAINAGE & CONSERVANCY DISTRICT
HARDIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Upper Scioto Drainage & Conservancy District
Hardin County
One Courthouse Square Suite 180
Kenton, Ohio 43326

To the Board of Directors:

We have audited the accompanying financial statements of the Upper Scioto Drainage & Conservancy District, Hardin County, Ohio, (the District) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the District as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of this audit.

This report is intended solely for the information and use of the management, Board of Directors and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 6, 2001

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**UPPER SCIOTO DRAINAGE AND CONSERVANCY DISTRICT
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Cash Receipts:		
Special Assessments	\$76,854	\$77,229
Interest	8,387	7,305
Miscellaneous	497	1,020
Total Cash Receipts	85,738	85,554
Cash Disbursements:		
Secretary & Office Asst.	14,976	14,260
Directors	5,565	6,007
Attorney	1,377	1,300
Audit		2,115
PERS, Employer Contribution	2,738	2,935
Real Estate Tax	209	47
Office Exp. & Equip.	1,062	331
Legal & Court Costs	75	62
Insurance, Bonds, Medicare, Workers Cmp.	623	620
Treasurer's Fees	945	955
Maintenance	10,851	152,561
Hardin Soil & Water Cons. Dist.	7,500	770
Total Cash Disbursements	45,921	181,963
Total Cash Receipts Over/(Under) Cash Disbursements	39,817	(96,409)
Fund Cash Balance, January 1	164,188	260,597
Fund Cash Balance, December 31	\$204,005	\$164,188
Reserves for Encumbrances	\$2,000	\$13,600

The notes to the financial statement are an integral part of this statement.

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**UPPER SCIOTO DRAINAGE & CONSERVANCY DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Upper Scioto Drainage & Conservancy District, Hardin County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three member Board of Directors appointed by the Judge of the Hardin County Court of Common Pleas. The District provides services in the form of conservation and flood control.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The District maintains a checking and money market accounts.

D. Budgetary Process

A budget of estimated cash receipts and disbursements is provided and approved by the Board for the period January 1 to December 31. Starting in the year 2000, the District is required to follow the requirements of Ohio Rev. Code Section 5705. Since the District does not levy taxes the budgetary forms that are required to be prepared do not have to be filed with the County Auditor of Budget Commission.

1. Appropriations

The Board must approve appropriation measures at or before the beginning of each fiscal year and must also approve any subsequent amendments. Total appropriations may not exceed the unencumbered balance plus estimated revenues. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**UPPER SCIOTO DRAINAGE & CONSERVANCY DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The District reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

2. CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$103,323	\$68,522
Money Market Accounts	<u>100,682</u>	<u>95,666</u>
Total deposits	<u>\$204,005</u>	<u>\$164,188</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$76,728	\$85,738	\$9,010

2000 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$240,903	\$47,921	\$192,982

1999 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$76,848	\$85,554	\$8,706

**UPPER SCIOTO DRAINAGE & CONSERVANCY DISTRICT
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

<u>1999 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$337,444</u>	<u>\$195,563</u>	<u>\$141,881</u>

4. PROPERTY ASSESSMENTS

Property assessments are levied on the basis of benefit to the property owner. The District may readjust or reappraise benefit to property owners through procedures outlined by the Ohio Revised Code. The District's last appraisal was in 1998.

The County is responsible for assessing property, and for billing, collecting, and distributing all assessments on behalf of the District.

5. RETIREMENT SYSTEM

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries during the period January 1, 1999 through June 30, 2000. During the period of July 1, 2000 through December 31, 2000 there was a temporary reduction which reduced the employer rate to 8.13%. The District has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Errors and omissions

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE
AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Upper Scioto Drainage & Conservancy District
Hardin County
One Courthouse Square Suite 180
Kenton, Ohio 43326

To the Board of Directors:

We have audited the financial statements of the Upper Scioto Drainage & Conservancy District, Hardin County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 6, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 6, 2001.

Upper Scioto Drainage & Conservancy District
Hardin County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the management, and Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 6, 2001



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UPPER SCIOTO DRAINAGE AND CONSERVANCY DISTRICT

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 17, 2001**