



**Auditor of State
Betty Montgomery**

HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Hunter's Run Conservancy District
Fairfield County
4585 Richland Road
Pleasantville, Ohio 43148-9722

To the Board of Directors:

We have audited the accompanying financial statements of Hunter's Run Conservancy District, Fairfield County, Ohio, (the District) as of and for the years ended December 31, 2002, and December 31, 2001. 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 audits in accordance with 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. 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 audits provide 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 cash balances of Hunter's Run Conservancy District, Fairfield County, Ohio, as of December 31, 2002, and December 31, 2001, 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 March 17, 2003, 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 our audit.

Hunter's Run Conservancy District
Fairfield County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Board of Directors, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 17, 2003

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Cash Receipts:		
Intergovernmental	\$28,600	\$165,063
Special Assessment	38,785	30,837
Interest	3,604	6,193
Total Cash Receipts	70,989	202,093
Cash Disbursements:		
Salaries and Benefits	7,531	7,454
Supplies and Materials	2,357	1,716
Contracts and Improvements	52,847	31,050
Accounting, Legal Fees, Insurance	46,733	15,203
Total Cash Disbursements	109,468	55,423
Total Cash Receipts Over/(Under) Cash Disbursements	(38,479)	146,670
Cash Balances, January 1	329,126	182,456
Cash Balances, December 31	\$290,647	\$329,126

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

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**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Hunter's Run Conservancy District, Fairfield County, Ohio, (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 Court of Common Pleas. The District provides conservation and flood control for the City of Lancaster.

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

Certificates of deposit are valued at cost.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board 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.

**HUNTER'S RUN CONSERVANCY DISTRICT]
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

2. CASH

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

	2002	2001
Demand deposits	\$205,647	\$209,126
Certificates of deposit	85,000	120,000
Total deposits	\$290,647	\$329,126

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$0	\$70,989	\$70,989

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$325,000	\$109,468	\$215,532

2001 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$0	\$202,093	\$202,093

**HUNTER'S RUN CONSERVANCY DISTRICT]
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$120,000	\$55,423	\$64,577

4. RETIREMENT SYSTEM

The District's employees and officials 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 2002 and 2001, PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

6. USDA NATURAL RESOURCE COMSERVATION SERVICE GRANT

On January 29, 2002, the District entered into a project agreement with Natural Resource Conservation Service, United States Department of Agriculture, called NRCS.

The project consists of widening the emergency spillway, replacing the concrete riser and outlet structure, and the removal of sediment from the permanent pool of Upper Hocking Structure No. 8. with the related project administration costs of up to \$780,000. The District is responsible for 35% of the total project cost upon determination within 30 days of the completion of the construction contract.

NRCS conducted all phases of the project, including contracting, preparation of drawings, designs, and specifications, conducting final inspection, accepting work from contractor, etc.

The project had not been completed as of the date of the financial statements. None of the costs related to this project have been included in the financial statements.

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Auditor of State Betty Montgomery

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

Hunter's Run Conservancy District
Fairfield County
4585 Richland Road
Pleasantville, Ohio 43148-9722

To the Board of Directors:

We have audited the accompanying financial statements of the Hunter's Run Conservancy District, Fairfield County, Ohio, (the District), as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report there on dated March 17, 2003. 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 our 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 law, 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated March 17, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over 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 weakness. 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 March 17, 2003.

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Hunter's Run Conservancy District
Fairfield County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State of Ohio

March 17, 2003



**Auditor of State
Betty Montgomery**

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HUNTER'S RUN CONSERVANCY DISTRICT

FAIRFIELD 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
MAY 20, 2003**