



**Auditor of State  
Betty Montgomery**



**WABASH RIVER CONSERVANCY DISTRICT  
MERCER COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Wabash River Conservancy District  
Mercer County  
871 Meiring Road  
Ft. Recovery, Ohio 45846

To the Board of Directors:

We have audited the accompanying financial statements of the Wabash River Conservancy District (the District) as of and for the years ended December 31, 2003 and 2002. 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 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 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 cash balance of the District as of December 31, 2003 and 2002, 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 May 25, 2004 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.

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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.

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

**Betty Montgomery**  
Auditor of State

May 25, 2004

**WABASH RIVERCONSERVANCY DISTRICT  
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<b>2003</b>	<b>2002</b>
<b>Cash Receipts:</b>		
Special Assessment	\$27,516	\$27,117
Interest	218	486
Total Cash Receipts	27,734	27,603
<b>Cash Disbursements:</b>		
Board Meetings	640	480
Board Expenses	2,253	3,464
PERS	472	437
Medicare	33	65
Labor	4,856	3,150
Machine Hours	1,134	334
Special Projects	26,593	16,813
Materials		174
Miscellaneous	101	
Total Cash Disbursements	36,082	24,917
Total Cash Receipts Over/(Under) Cash Disbursements	(8,348)	2,686
Cash Balance, January 1	34,751	32,065
<b>Cash Balance, December 31</b>	<b>\$26,403</b>	<b>\$34,751</b>

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

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**WABASH RIVER CONSERVANCY DISTRICT  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Wabash River Conservancy District, Mercer 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 Trustees. One Board member is appointed by each political subdivision within the District. The District provides conservation and flood control to Mercer and Darke Counties.

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 does not hold any investments

**D. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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.

**2. Estimated Resources**

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

**3. 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. The District did not use the encumbrance method of accounting.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**WABASH RIVER CONSERVANCY DISTRICT  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$26,403	\$34,751

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$27,425	\$27,734	\$309

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$62,000	\$36,082	\$25,198

2002 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$27,900	\$27,603	(\$297)

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$59,965	\$24,917	\$35,048

**4. RETIREMENT SYSTEMS**

The Township employees and elected officials belong to the Public Employees Retirement system of Ohio (PERS). PERS is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are prescribed by the Ohio Revised Code. The Township's PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**WABASH RIVER CONSERVANCY DISTRICT  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Wabash River Conservancy District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles.

The Wabash River Conservancy District is uninsured for the following risks:

- Errors and omissions.

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**Auditor of State  
Betty Montgomery**

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

Wabash River Conservancy District  
Mercer County  
871 Meiring Road  
Ft. Recovery, Ohio 45846

To the Board of Directors:

We have audited the accompanying financial statements of the Wabash River Conservancy District (the District) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 25, 2004. We conducted our audit 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.

**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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 25, 2004.

**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 May 25, 2004.

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Wabash River Conservancy District  
Mercer 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 the management and 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

May 25, 2004

**WABASH RIVER CONSERVANCY DISTRICT  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

**Ohio Rev. Code Sections 6101.44(D) and 5705.41(D)** state no contract shall be let and no order shall be issued involving the expenditure of money unless the accounting officer of the district first certifies that the amount required to meet the expenditure or, in the case of a continuing contract to be performed in whole or in part in a subsequent fiscal year, the amount required to meet the contract in the year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from previous encumbrances. Accounts shall be kept in such form as to show at all times the true condition of each appropriation.

The District did not use the required certification or encumbrance procedures.

The District should review Section 6101.44(D) and implement procedures for certification of funds.

**WABASH RIVER CONSERVANCY DISTRICT  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-001	ORC Sec. 5705.41 (D) – Failure to certify funds available for expenditures	No	See Finding 2003-001
2001-002	ORC Sec. 5705.38 – Appropriations not approved in a timely manner	Yes	





**Auditor of State  
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**WABASH RIVER CONSERVANCY DISTRICT**

**MERCER 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 20, 2004**