



**WABASH RIVER CONSERVANCY DISTRICT
MERCER COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WABASH RIVER CONSERVANCY DISTRICT
MERCER COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Directors:

We have audited the accompanying financial statements of the Wabash River Conservancy District (the District), Mercer County, as of and for the years ended December 31, 2001 and 2000. 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 accounting principles generally accepted in the United States of America.

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, 2001 and 2000, 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 13, 2002 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.

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 § 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

March 13, 2002

**WABASH RIVER CONSERVANCY DISTRICT
MERCER AND DARKE COUNTIES**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

	2001	2000
Cash Receipts:		
Special Assessment	\$27,214	\$27,068
Interest	729	846
Miscellaneous	157	0
Total Cash Receipts	28,100	27,914
Cash Disbursements:		
Personal Services	8,602	5,938
Machine Hire	2,831	4,537
Labor	3,654	3,476
Special Projects	11,126	11,000
Material	1,972	145
Total Cash Disbursements	28,185	25,096
Total Cash Receipts Over/(Under) Cash Disbursements	(85)	2,818
Cash Balance, January 1	32,150	29,332
Cash Balance, December 31	\$32,065	\$32,150

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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Wabash River Conservancy District, Mercer and Darke Counties, (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 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.

E. Appropriations

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

F. Estimated Resources

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

G. 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 2001 and 2000 budgetary activity appears in Note 3.

**WABASH RIVER CONSERVANCY DISTRICT
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$32,065	\$32,150

Deposits: Deposits are insured by the Federal Depository Insurance Corporation,

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$27,050	\$28,100	\$1,050

2001 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$59,200	\$28,185	\$31,015

2000 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$28,499	\$27,914	(\$585)

2000 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$57,832	\$25,096	\$32,736

4. RETIREMENT SYSTEM

The District's full-time 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.

**WABASH RIVER CONSERVANCY DISTRICT
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. RETIREMENT SYSTEM (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Commencing July 1, 2000, PERS temporarily reduced employer contributions to 8.13%. The District has paid all contributions required through December 31, 2001.

5. RISK MANAGEMENT

Commercial Insurance

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

- Comprehensive general liability;
- Inland Marine

The Wabash River Conservancy District is uninsured 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**

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

To the Board of Directors:

We have audited the financial statements of the Wabash River Conservancy District (the District) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 13, 2002. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-20254-001 and 2001-20254-002. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated March 13, 2002.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 13, 2002.

Wabash River Conservancy District
Mercer County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*

This report is intended 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.

Jim Petro
Auditor of State

March 13, 2002

**WABASH RIVER CONSERVANCY DISTRICT
MERCER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-20254-001

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 Sections 6101.44(D) and 5705.41(D) and implement procedures for certification of funds.

FINDING NUMBER 20001-20254-002

Noncompliance Citation

Ohio Rev. Code Sections 6101.44 and 5705.38 state that at or before the opening of each fiscal year, the board shall adopt a resolution making appropriations for the ensuing year. Such appropriation resolution may be amended or supplemented by the board.

The 2001 appropriation resolution was not approved and signed by the Board until February 27, 2001. Approximately 6% of the District's expenditures for 2001 were made prior to the passage of the appropriation resolution without a temporary appropriation resolution in effect. The 2000 appropriation resolution was not approved until April 1, 2000 resolution signed by the Board. Approximately one percent of the District's expenditures for 2000 were made prior to the passage of the appropriation resolution without a temporary appropriation resolution in effect. Also, the appropriation resolution was signed as approved by all Board members, however such approval was not indicated in the minutes.

The Directors should implement procedures to ensure the annual appropriation resolution is approved by the required date and such approval should be documented in the minutes which are the official record of the actions taken by the Board.

**WABASH RIVER CONSERVANCY DISTRICT
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-20254-001	ORC 6101.44 Certification of funds	No	Not Corrected, See Finding Number 2001-20254-001
1999-20254-002	ORC 6106.16 Bidding of Contracts	Yes	
1999-20254-003	ORC 6101.44 Annual Appropriation Resolution	No	Not Corrected, See Finding Number 2001-20254-002
1999-20254-004	Supporting Documentation	No	Partially Corrected, See Management Letter



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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
MAY 9, 2002**