



**RENO BEACH - HOWARD FARMS CONSERVANCY DISTRICT
LUCAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RENO BEACH - HOWARD FARMS CONSERVANCY DISTRICT
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REPORT OF INDEPENDENT ACCOUNTANTS

Reno Beach - Howard Farms Conservancy District
Lucas County
12008 Corduroy Road
Curtice, Ohio 43412-9478

To the Board of Directors:

We have audited the accompanying financial statements of the Reno Beach - Howard Farms Conservancy District, Lucas County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998. 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 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 audits 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 the District as of December 31, 1999 and 1998, 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 July 14, 2000 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.

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.

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Jim Petro
Auditor of State

July 14, 2000

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**RENO BEACH - HOWARD FARMS CONSERVANCY DISTRICT
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Cash Receipts:		
Special Assessment	\$74,175	\$9,098
Interest	6,735	8,157
Sale of Land		34,030
Total Cash Receipts	<u>80,910</u>	<u>51,285</u>
Cash Disbursements:		
Directors' Fees	950	1,250
Secretary/Treasurer's Salary	5,171	2,968
PERS	1,246	717
Utilities	4,261	9,183
Maintenance	136,582	42,028
Insurance	2,865	2,653
Workers' Compensation	625	161
Legal Counsel	4,427	5,226
Contract Repair	17,893	
Supplies	195	1,046
Dike Project	5,400	
Pump Project Expenses	7,710	11,850
Other Expenses	2,898	2,812
Total Cash Disbursements	<u>190,223</u>	<u>79,894</u>
Total Cash Disbursements Over Cash Receipts	(109,313)	(28,609)
Cash Balance, January 1	<u>216,789</u>	<u>245,398</u>
Cash Balance, December 31	<u>\$107,476</u>	<u>\$216,789</u>

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

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**RENO BEACH - HOWARD FARMS CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Reno Beach - Howard Farms Conservancy District, Lucas 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 appointed by the Court of Common Pleas. The District provides conservation and flood control to the south shore of Lake Erie.

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

Investments in STAR Ohio are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Except gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Budgetary Process

A budget of estimated cash receipts and disbursements is provided and approved by the Board of Directors for the period January 1 to December 31.

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.

2. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

RENO BEACH - HOWARD FARMS CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$4,277	\$11,336
STAR Ohio	<u>103,199</u>	<u>205,453</u>
Total deposits and investments	<u><u>\$107,476</u></u>	<u><u>\$216,789</u></u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
<u>\$84,000</u>	<u>\$80,910</u>	<u>(\$3,090)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
<u>\$238,450</u>	<u>\$190,223</u>	<u>\$48,227</u>

1998 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
<u>\$41,000</u>	<u>\$51,285</u>	<u>\$10,285</u>

**RENO BEACH - HOWARD FARMS CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$286,399	\$79,894	\$206,505

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.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members 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, 1999.

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- General liability
- Errors and omissions

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

Reno Beach - Howard Farms Conservancy District
Lucas County
12008 Corduroy Road
Curtice, Ohio 43412-9478

To the Board of Directors:

We have audited the accompanying financial statements of the Reno Beach - Howard Farms Conservancy District, Lucas County, Ohio, (the District) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 14, 2000. We conducted our audits 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 audits 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 certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated July 14, 2000.

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 July 14, 2000.

Reno Beach - Howard Farms Conservancy District
Lucas 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 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 14, 2000



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RENO BEACH HOWARD FARMS CONSERVANCY DISTRICT

LUCAS 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
SEPTEMBER 14, 2000**