



**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Miami Conservancy District
Montgomery County
38 East Monument Avenue
Dayton, Ohio 45402

To the Board of Directors:

We have audited the accompanying financial statements of the Miami Conservancy District, Montgomery 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 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 combined cash balances and reserves for encumbrances of the District as of December 31, 1999 and 1998, and its combined 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 15, 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 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

March 15, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Total
	General	Special Revenue	Debt Service	Capital Projects	FUND Expendable Trust	(Memorandum Only)
Cash Receipts:						
Assessments	\$3,702,238	\$961,578	\$0	\$45,000	\$0	\$4,708,816
Investment Income	402,547	192,396	0	42,596	294	637,833
User Charges:						
Land Leases	36,445	0	0	0	0	36,445
Easements	20,000	0	0	0	0	20,000
Sale of Gravel	2,380	0	0	0	0	2,380
Subtotal User Charges	58,825	0	0	0	0	58,825
Other Cash Receipts:						
Sale of Land	0	0	0	500,000	0	500,000
Sale of Equipment	0	0	0	0	0	0
Construction Proceeds	0	2,157,594	0	5,000,000	0	7,157,594
Reimbursements	65,368	46,608	0	1,159	0	113,135
Overhead Charges	71,083	3,972	0	0	0	75,055
Subtotal Other Cash Receipts	136,451	2,208,174	0	5,501,159	0	7,845,784
Total Cash Receipts	4,300,061	3,362,148	0	5,588,755	294	13,251,258
Cash Disbursements:						
Operating Costs:						
Personnel Services	1,918,760	270,894	0	0	0	2,189,654
Operating	1,000,701	2,677,994	0	5,397	28,157	3,712,249
Equipment	440	26,927	0	0	0	27,367
Subtotal Operating Costs	2,919,901	2,975,815	0	5,397	28,157	5,929,270
Facilities & Equipment:						
Technology	4,422	3,989	0	0	0	8,411
Equipment & Machinery	68,955	60,968	0	0	0	129,923
Repairs & Maintenance	320,036	0	0	0	0	320,036
Subtotal Facilities & Equipment	393,413	64,957	0	0	0	458,370
Major Improvements:						
Dam Safety	9,252	0	0	1,090,642	0	1,099,894
Other	0	0	0	0	0	0
Subtotal Major Improvements	9,252	0	0	1,090,642	0	1,099,894
Debt Service						
Interest	0	0	61,222	0	0	61,222
Total Cash Disbursements	3,322,566	3,040,772	61,222	1,096,039	28,157	7,548,756
Total Revenue Over/(Under) Expenditures	977,495	321,376	(61,222)	4,492,716	(27,863)	5,702,502
Other Sources (Uses):						
Operating Transfers In	0	0	0	0	30,000	30,000
Operating Transfers Out	(30,000)	0	0	0	0	(30,000)
Excess of Cash Receipts and Other Sources Over/(Under) Cash Disbursements and Other Uses	947,495	321,376	(61,222)	4,492,716	2,137	5,702,502
Fund Cash Balance - January 1, 1999	7,061,134	3,732,340	0	393,437	25,262	11,212,173
Fund Cash Balance - December 31, 1999	\$8,008,629	\$4,053,716	(\$61,222)	\$4,886,153	\$27,399	\$16,914,675
Reserve for Encumbrances - December 31, 1999	\$48,521	\$356,152	\$0	\$849,059	\$0	\$1,253,732

See accompanying notes to the financial statements

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	PROPRIETARY FUND TYPES		Total Memorandum Only
	Enterprise	Internal Service	
Cash Receipts:			
Investment Income	\$69	\$0	\$69
Overhead Charges	0	737,816	737,816
Total Cash Receipts	69	737,816	737,885
Cash Disbursements:			
Personnel Services	0	558,852	558,852
Operating Costs	2	172,659	172,661
Equipment	0	6,305	6,305
Total Cash Disbursements	2	737,816	737,818
Excess of Cash Receipts Over/(Under) Cash	67	0	67
Fund Cash Balance - January 1, 1999	35,141	0	35,141
Fund Cash Balance - December 31, 1999	<u>\$35,208</u>	<u>\$0</u>	<u>35,208</u>
Reserve for Encumbrances	<u>\$0</u>	<u>\$6,255</u>	<u>\$6,255</u>

See accompanying notes to the financial statements

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND	Total
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Cash Receipts:					
Assessments	\$3,677,146	\$957,838	\$45,000	\$0	\$4,679,984
Investment Income	460,194	228,150	9,550	(37)	697,857
User Charges:					
Land Leases	37,150	0	0	0	37,150
Easements	50	0	0	0	50
Sale of Gravel	0	0	0	0	0
Subtotal User Charges	37,200	0	0	0	37,200
Other Cash Receipts:					
Sale of Land	93,695	0	508,500	0	602,195
Sale of Equipment	5,464	0	0	0	5,464
Construction Proceeds	0	723,085	0	0	723,085
Reimbursements	108,806	29,069	3	0	137,878
Overhead Charges	64,303	0	0	0	64,303
Subtotal Other Cash Receipts	272,268	752,154	508,503	0	1,532,925
Total Cash Receipts	4,446,808	1,938,142	563,053	(37)	6,947,966
Cash Disbursements:					
Operating Costs:					
Personnel Services	1,811,570	239,500	0	0	2,051,070
Operating	1,010,775	1,209,550	343,106	24,008	2,587,439
Equipment	386	18,496	0	0	18,882
Subtotal Operating Costs	2,822,731	1,467,546	343,106	24,008	4,657,391
Facilities & Equipment:					
Technology	22,355	13,708	0	0	36,063
Equipment & Machinery	32,157	2,386	0	0	34,543
Repairs & Maintenance	21,803	0	0	0	21,803
Subtotal Facilities & Equipment	76,315	16,094	0	0	92,409
Major Improvements:					
Dam Safety	4,890	0	0	0	4,890
Other	19,605	0	0	0	19,605
Subtotal Major Improvements	24,495	0	0	0	24,495
Total Cash Disbursements:	2,923,541	1,483,640	343,106	24,008	4,774,295
Total Revenue Over/(Under) Expenditures	1,523,267	454,502	219,947	(24,045)	2,173,671
Other Sources (Uses):					
Operating Transfers In	112,500	120,989	80,139	30,000	343,628
Operating Transfers Out	(53,709)	(197,522)	(87,832)	0	(339,063)
Excess of Cash Receipts and Other Sources Over/(Under) Cash Disbursements and Other Uses	1,582,058	377,969	212,254	5,955	2,178,236
Fund Cash Balance - January 1, 1998	5,479,076	3,354,371	181,183	19,307	9,033,937
Fund Cash Balance - December 31, 1998	\$7,061,134	\$3,732,340	\$393,437	\$25,262	\$11,212,173
Reserve for Encumbrances - December 31, 1998	\$23,561	\$54,081	\$565,897	\$0	\$643,539

See accompanying notes to the financial statements

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	PROPRIETARY FUND TYPES		Total Memorandum Only
	Enterprise	Internal Service	
Cash Receipts:			
Investment Income	\$849	\$0	\$849
Overhead Charges	0	696,409	696,409
Total Cash Receipts	849	696,409	697,258
Cash Disbursements:			
Personnel Services	0	549,245	549,245
Operating Costs	0	130,718	130,718
Equipment	0	11,881	11,881
Total Cash Disbursements	0	691,844	691,844
Total Revenue Over/(Under) Expenditures	849	4,565	5,414
Other Sources (Uses):			
Operating Transfers Out	0	(4,565)	(4,565)
Excess of Cash Receipts Over/(Under) Cash	849	0	849
Fund Cash Balance - January 1, 1998	34,292	0	34,292
Fund Cash Balance - December 31, 1998	\$35,141	\$0	35,141
Reserve for Encumbrances	\$0	\$7,502	\$7,502

See accompanying notes to the financial statements

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Miami Conservancy District, Montgomery 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 six member Board appointed by the Court of Common Pleas. The District provides conservation and flood control to Butler, Clark, Greene, Hamilton, Miami, Montgomery, Preble, Shelby, and Warren 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

U.S. Treasury Notes 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 carried over and need not be reappropriated.

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

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	<u>(\$91,950)</u>	<u>(\$24,174)</u>
U.S. Treasury Notes	<u>17,041,833</u>	<u>11,271,488</u>
Total deposits and investments	<u>\$16,949,883</u>	<u>\$11,247,314</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Authority.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the District's financial institution. The financial institution maintains records identifying the District as owner of these securities.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,343,310	\$4,300,061	\$956,751
Special Revenue	2,144,089	3,362,148	1,218,059
Capital Projects	508,644	5,588,755	5,080,111
Expendable Trust	0	30,294	30,294
Enterprise	0	69	69
Internal Service	<u>708,542</u>	<u>737,816</u>	<u>29,274</u>
Total	<u>\$6,704,585</u>	<u>\$14,019,143</u>	<u>\$7,314,558</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,469,788	\$3,401,087	\$68,701
Special Revenue	3,427,723	3,396,924	30,799
Debt Service	0	61,222	(61,222)
Capital Projects	2,476,572	1,945,098	531,474
Expendable Trust	30,000	28,157	1,843
Enterprise	0	2	(2)
Internal Service Fund	<u>724,836</u>	<u>744,071</u>	<u>(19,235)</u>
Total	<u>\$10,128,919</u>	<u>\$9,576,561</u>	<u>\$552,358</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,946,625	\$4,559,308	\$612,683
Special Revenue	1,673,441	2,059,131	385,690
Capital Projects	45,000	643,192	598,192
Expendable Trust	0	29,963	29,963
Enterprise	0	849	849
Internal Service	<u>741,318</u>	<u>696,409</u>	<u>(44,909)</u>
Total	<u>\$6,406,384</u>	<u>\$7,988,852</u>	<u>\$1,582,468</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,582,764	\$3,000,811	\$581,953
Special Revenue	2,007,234	1,735,243	271,991
Capital Projects	1,094,157	996,835	97,322
Expendable Trust	30,000	24,008	5,992
Enterprise	34,512	0	34,512
Internal Service	<u>745,981</u>	<u>703,911</u>	<u>42,070</u>
Total	<u>\$7,494,648</u>	<u>\$6,460,808</u>	<u>\$1,033,840</u>

4. DEBT

Debt outstanding at December 31, 1999 was as follows:

Note	<u>Principal</u>	<u>Interest Rate</u>
Note	<u>\$5,000,000</u>	4.64

The Bond Anticipation Note was issued for the purpose of paying costs of the construction of seepage and underseepage controls of five dams. The note is uncollateralized

Amortization of the above debt, including interest, is scheduled as follows:

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. DEBT (Continued)

Year ending December 31:	Note
2000	\$232,000
2001	572,000
2002	574,112
2003	358,104
2004	387,925
Subsequent	6,193,997
Total	\$ 8,318,138

5. 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.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The District also provides health insurance coverage to full-time employees through a private carrier and dental insurance for its full-time employees through a self-insured program which is administered by Anthem. The activity for the dental program is reported in the expendable trust fund.

7. CONTINGENT LIABILITIES

The District is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the District's financial condition.



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

Miami Conservancy District
Montgomery County
38 East Monument Avenue
Dayton, Ohio 45402

To the Board of Directors:

We have audited the accompanying financial statements of the Miami Conservancy District, Montgomery County, Ohio (the District), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 15, 2000. 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*. However, we noted immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated March 15, 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 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 15, 2000.

Miami Conservancy District
Montgomery 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 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

March 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MIAMI CONSERVANCY DISTRICT

MONTGOMERY 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 16, 2000