



**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUNTY**

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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 year ended December 31, 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 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, 2000, 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 August 9, 2001 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 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.

JIM PETRO
Auditor of State

August 9, 2001

**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	GOVERNMENTAL FUND TYPES				Total
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
Cash Receipts:					
Assessments	\$3,580,890	\$940,328	\$493,773		\$5,014,991
Investment Income	454,621	192,991		\$523,009	1,170,621
Land Leases	42,304				42,304
Intergovernmental		986,236		88,854	1,075,090
Reimbursements	54,870	42,128		1,413	98,411
Overhead Charges	50,958	4,021			54,979
Total Cash Receipts	4,183,643	2,165,704	493,773	613,276	7,456,396
Cash Disbursements:					
Personnel Services	1,932,420	298,248			2,230,668
Operating	1,126,322	706,426			1,832,748
Equipment	60	2,332			2,392
Technology	3,845	5,047			8,892
Equipment & Machinery	247,285	11,583			258,868
Repairs & Maintenance	76,757				76,757
Dam Safety				2,470,486	2,470,486
Debt Service					
Interest			453,425		453,425
Total Cash Disbursements:	3,386,689	1,023,636	453,425	2,470,486	7,334,236
Total Receipts Over/(Under) Disbursements	796,954	1,142,068	40,348	(1,857,210)	122,160
Other Financing Receipts/(Disbursements):					
Sale of Equipment	3,462				3,462
Proceeds of Notes				5,000,000	5,000,000
Transfers Out	(30,000)				(30,000)
	(26,538)			5,000,000	4,973,462
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	770,416	1,142,068	40,348	3,142,790	5,095,622
Fund Cash Balance - January 1, 2000	8,008,628	4,046,023	(61,222)	4,893,847	16,887,276
Fund Cash Balance - December 31, 2000	\$8,779,044	\$5,188,091	(\$20,874)	\$8,036,637	\$21,982,898
Reserve for Encumbrances	\$41,470	\$119,876	\$0	\$199,808	\$361,154

See accompanying notes to the financial statements.

**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>PROPRIETARY FUND TYPES</u>		<u>Total</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Memorandum Only</u>
Operating Cash Receipts:			
Investment Income	\$483	\$196	\$679
Overhead Charges		777,504	777,504
		<hr/>	<hr/>
Total Operating Cash Receipts	483	777,700	778,183
Operating Cash Disbursements:			
Personnel Services		561,608	561,608
Operating Costs	10	217,008	217,018
Equipment		999	999
Technology		26,520	26,520
		<hr/>	<hr/>
Total Operating Cash Disbursements	10	806,135	806,145
Operating Income/(Loss)	473	(28,435)	(27,962)
Other Sources:			
Transfers In	0	30,000	30,000
		<hr/>	<hr/>
Net Receipts Over Disbursements	473	1,565	2,038
Fund Cash Balance - January 1, 2000	35,207	27,399	62,606
		<hr/>	<hr/>
Fund Cash Balance - December 31, 2000	<u>\$35,680</u>	<u>\$28,964</u>	<u>\$64,644</u>
Reserve for Encumbrances	<u>\$0</u>	<u>\$54,551</u>	<u>54,551</u>

See accompanying notes to the financial statements.

**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

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 three 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. Fund Accounting

The District used fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

River Corridor Improvement - This fund collects assessments for maintenance of bikeways, dam, bridges, and walkways.

Acquifer Preservation - This fund collects assessments to preserve ground water run-off.

**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund (Dam Safety) is used to accumulate resources for the payment of note indebtedness.

4. Capital Project Fund

This fund (Dam Safety and Rehabilitation) is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

5. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The District's only enterprise fund is the Franklin Wastewater Treatment Facility. The City of Franklin, under agreement with the Conservancy District, operates and maintains the facility.

6. Internal Service Fund

These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The District had the following significant Internal Service fund:

Overhead Allocation Fund - this fund is used to accumulate administrative and managerial expenses and is allocated to the District's ongoing projects.

E. 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 2000 budgetary activity appears in Note 3.

**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUTNY**

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

2. CASH AND INVESTMENTS

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

	2000
Demand deposits	<u>\$3,084,426</u>
U.S. Treasury Notes	<u>18,963,116</u>
Total deposits and investments	<u><u>\$22,047,542</u></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, or (3) collateralized by the financial institution's public entity deposit pool.

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, 2000 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,072,000	\$4,187,105	\$115,105
Special Revenue	1,379,006	2,165,704	786,698
Capital Projects	5,126,329	5,613,276	486,947
Debt Service	484,083	493,773	9,690
Enterprise	0	483	483
Internal Service	<u>877,448</u>	<u>807,700</u>	<u>(69,748)</u>
Total	<u><u>\$11,938,866</u></u>	<u><u>\$13,268,041</u></u>	<u><u>\$1,329,175</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,704,340	\$3,458,159	\$246,181
Special Revenue	1,756,494	1,143,512	612,982
Capital Projects	3,696,238	2,670,294	1,025,944
Debt Service	484,083	453,425	30,658
Enterprise	100	10	90
Internal Service	<u>913,703</u>	<u>860,686</u>	<u>53,017</u>
Total	<u><u>\$10,554,958</u></u>	<u><u>\$8,586,086</u></u>	<u><u>\$1,968,872</u></u>

**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUTNY**

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

4. DEBT

Debt outstanding at December 31, 2000:

	Principal	Interest Rate
Bond Anticipation Note Series 1999	\$5,000,000	4.64%
Bond Anticipation Note Series 2000	5,000,000	5.50%
Total	\$10,000,000	

The District issued five million dollar notes in 1999 and 2000 for the purpose of construction costs associated with mitigating seepage and underseepage of five dams. The notes are uncollateralized.

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

Year ending December 31:	Bond Anticipation Notes 99	Bond Anticipation Notes 00
2001	\$572,000	\$260,500
2002	574,112	260,500
2003	358,104	420,500
2004	387,925	431,332
2005	389,538	432,605
Subsequent	5,742,592	6,712,876
Total	\$ 8,024,271	\$ 8,518,313

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a state operated, 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 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for January through June 2000 and an amount equal to 8.13% of participants gross salaries for July through December 2000. The District has paid all contributions required through December 31, 2000.

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 and vision coverage to full-time employees through a private carrier. Dental coverage is provided through a self insurance plan.

**MIAMI CONSERVANCY DISTRICT
MONTGOMERY COUNTY**

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

7. SUBSEQUENT EVENTS

On April 26, 2001, the Board approved the issuance and sale of Improvement Bonds Series 2001, in the amount of \$15,000,000, to pay, in anticipation of collection of special assessments, costs of the construction of seepage and underseepage controls at the Englewood, Huffman, Germantown, Taylorsville and Lockington Dams and the replacement or rehabilitation of concrete structures throughout the flood protection system.

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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, (the District), as of and for the year ended December 31, 2000, and have issued our report thereon dated August 9, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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.

Miami Conservancy District
Montgomery 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 the management, and 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

August 9, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
SEPTEMBER 11, 2001**