



**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005



Mary Taylor, CPA
Auditor of State

HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types – For the Year Ended December 31, 2006.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2005.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings	17

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

Hunter's Run Conservancy District
Fairfield County
211 Williamsburg Lane NW
Lancaster, Ohio 43130-4169

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 15, 2007

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hunter's Run Conservancy District
Fairfield County
211 Williamsburg Lane NW
Lancaster, Ohio 43130-4169

To the Board of Directors:

We have audited the accompanying financial statements of Hunter's Run Conservancy District, Fairfield County, Ohio, (the District) as of and for the years ended December 31, 2006 and 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Hunter's Run Conservancy District, Fairfield County, Ohio, as of December 31, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 2, for the year ended December 31, 2005, the District revised its financial presentation from the comparable requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* to the cash accounting basis using accounting practices the Auditor of State prescribes or permits.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

November 15, 2007

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Assessments Collected	\$ 40,556	\$ -	\$ 40,556
Earnings on Investments	787	-	787
Miscellaneous	934	-	934
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	42,277	-	42,277
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	13,715	-	13,715
Supplies	3,511	-	3,511
Accounting, Legal Fees, Insurance and Other Fees	12,440	110	12,550
Equipment	2,405	-	2,405
Contracts and Improvements	2,885	12,785	15,670
Penalties and Fees	51	-	51
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	35,007	12,895	47,902
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	7,270	(12,895)	(5,625)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	114,458	36,573	151,031
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 121,728</u>	<u>\$ 23,678</u>	<u>\$ 145,406</u>

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

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Assessments Collected	\$ 38,857	\$ -	\$ 38,857
Intergovernmental	-	78,147	78,147
Earnings on Investments	522	-	522
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	39,379	78,147	117,526
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	5,745	-	5,745
Supplies	2,201	-	2,201
Accounting, Legal Fees, Insurance and Other Fees	13,063	1,099	14,162
Equipment	1,543	-	1,543
Contracts and Improvements	2,475	40,475	42,950
Penalties and Fees	50	-	50
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	25,077	41,574	66,651
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	14,302	36,573	50,875
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	100,156	-	100,156
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 114,458</u>	<u>\$ 36,573</u>	<u>\$ 151,031</u>

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

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Hunter's Run Conservancy District, Fairfield County, (the District) as a body corporate and politic. 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 the City of Lancaster.

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 the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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

The accounting basis values certificates of deposit at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash that is restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

The Dam Rehabilitation Project Fund accounts for grants and other resources whose use is restricted to Dam Rehabilitation.

E. Budgetary Process

The Ohio Revised Code requires the Board to budget each fund annually.

1. Appropriations

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

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 encumber all commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 4.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The District's accounting basis does not report unpaid leave as a liability.

2. CHANGE IN BASIS OF ACCOUNTING

In 2004, the District reported the financial statements comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. In 2005, the District is presenting financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. The regulatory basis financial statements now present a column for each fund type rather than each major fund in a separate column with nonmajor funds aggregated and presented in a single column. This change had no impact on the District's fund balances.

3. CASH AND INVESTMENTS

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

	2006	2005
Demand deposits	\$115,406	\$121,031
Certificates of deposit	30,000	30,000
Total deposits	145,406	151,031

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

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

Fund Type	2006 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$38,300	\$42,277	\$3,977
Capital Projects	0	0	0
Total	\$38,300	\$42,277	\$3,977

Fund Type	2006 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,350	\$35,007	\$38,343
Capital Projects	15,000	12,895	2,105
Total	\$88,350	\$47,902	\$40,448

Fund Type	2005 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$38,300	\$39,379	\$1,079
Capital Projects	30,495	78,147	47,652
Total	\$68,795	\$117,526	\$48,731

Fund Type	2005 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,180	\$25,077	\$9,103
Capital Projects	134,000	41,574	92,426
Total	\$168,180	\$66,651	\$101,529

Contrary to Ohio law, appropriations exceeded estimated resources in the Dam Rehabilitation Fund in 2005 by \$103,505.

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as the Ohio Revised Code prescribes.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005, OPERS member employees contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries for 2005. For 2006, OPERS member employees contributed 9.0 percent of their gross salaries. The District contributed an amount equal to 13.7 percent of participants' gross salaries for 2005. The District has paid all contributions required through December 31, 2006.

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Hunter's Run Conservancy District
Fairfield County
211 Williamsburg Lane NW
Lancaster, Ohio 43130-4169

To the Board of Directors:

We have audited the financial statements of the Hunter's Run Conservancy District, Fairfield County, (the District) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated November 15, 2007, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted for the year ended December 31, 2005, the District revised its financial presentation from the comparable requirements of Governmental Accounting Standard No. 34 to the cash accounting basis using accounting practices the Auditor of State prescribes or permits. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-005.

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings numbers 2006-002 through 2006-005 are also material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-004 and 2006-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 15, 2007.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 15, 2007

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Significant Deficiency - Minutes of the Board of Director's Meetings

The minutes of the Board of Directors should be detailed and reflect all District activity reviewed and approved by the Board, including appointments to the Board of Directors and employee hiring/resignations. In addition, the minutes of the Board should be approved at the next meeting and signed by the Board President and Treasurer.

The minutes did not include a description of all Board of Director appointments and resignations or all employee hiring/resignations. In addition, the minutes of the June 15, 2005 meeting and the May 22, 2006 meeting were not approved and none of the minutes were signed.

The lack of accurately detailed minutes could lead to incomplete or inaccurate public records, as well as an inability to determine the Board's intentions or official actions.

We recommend the Board ensure the minutes include all significant activity, including Board of Director appointments, employee hiring/resignations, and that all minutes are approved by the Board and signed by the Board President and Treasurer.

Officials' Response: We are working to correct this.

FINDING NUMBER 2006-002

Significant Deficiency/Material Weakness - Bank Account Reconciliation

The Treasurer should prepare a bank reconciliation each month to reconcile the District's bank account activity with the accounting records. The Treasurer should maintain documentation that the reconciliation was prepared and the District's Board of Directors should review this documentation to ensure the bank account and accounting records activity are reconciled each month.

There was no evidence that the reconciliations were being performed or reviewed on a monthly basis.

As a result, the checking account was out of balance approximately \$7.48 at December 31, 2006 and December 31, 2005. The lack of preparing and reviewing the checking account monthly reconciliations could allow errors and unresolved reconciling items to go undetected.

We recommend the Treasurer develop procedures to ensure the checking account is reconciled each month. The Board of Directors should review and approve each month's reconciliation via signature.

Officials' Response: We are working to correct this.

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-003

Significant Deficiency/Material Weakness - Supporting Documentation for Disbursements

The Treasurer should ensure that supporting documentation, i.e. invoices, are maintained for all disbursements.

Supporting documentation was not available during the audit for the following transactions selected for testing:

<u>Check Date</u>	<u>Check Number</u>	<u>Amount</u>	<u>Payee</u>
03/05/06	1972	\$1,099.65	Best Buy
06/09/06	1989	<u>500.00</u>	Phil Beyer
		1,599.65	

In addition to the above, the District also could not provide supporting documentation (other than summaries from the Payroll processor) for employee withholding remittances and employer worker's compensation, Medicare, and retirement payments as follows:

<u>Type</u>	<u>Date</u>	<u>Amount</u>
Worker's Compensation	8/1/2005	\$30.79
	7/31/2006	204.34
Ohio Income Tax withholdings	8/1/2005	2.12
	10/30/2005	3.32
	5/1/2006	8.73
	7/31/2006	29.04
	10/30/2006	53.78
City of Lancaster Income Tax withholdings	8/1/2005	5.92
	10/30/2005	11.12
	5/1/2006	10.94
	7/31/2006	10.5
	10/30/2006	11.9
Federal Income Tax and Medicare withholdings and employer paid Medicare	8/1/2005	10.74
	10/30/2005	21.9
OPERS employee withholding and employer contribution	11/25/2005	389.84

The lack of maintaining supporting documentation for all disbursements leads to unsupported activity and increases the risk of fraud.

We recommend the District establish procedures to ensure that supporting documentation be maintained for all disbursements and that such documentation be ready available for review. The Board of Directors member signing each check should verify that the supporting documentation is attached to each disbursement.

Officials' Response: We are working to correct this.

HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-004

Material Noncompliance/Significant Deficiency/Material Weakness - Amending Estimated Receipts and Appropriations exceeding Estimated Resources

Ohio Rev. Code Section 5705.28(B)(2)(b) states that except for this section and sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44, and 5705.45 of the Revised Code, a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705. Documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission.

Ohio Rev. Code Section 5705.36 requires amending the official certificate if the legislative authority intends to appropriate and expend excess revenue.

In addition, Ohio Rev. Code Section 5705.28(B)(2)(c) states, in part, that the total appropriations from each fund of a taxing unit that does not levy a tax shall not exceed the total estimated revenue available for expenditures from the fund.

In 2005, the Dam Rehabilitation Fund had the following estimated and actual activity:

<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
\$30,495	\$78,147	\$47,652
<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
\$30,495	\$134,000	(\$103,505)

The lack of increased budgeted receipts could lead to appropriations exceeding budgeted resources if additional revenues are appropriated and expended.

Appropriations in excess of estimated resources could lead to overspending.

We recommend the Board of Directors review and compare actual activity with estimates throughout the year and increase the budget when additional revenues are received and the Board of Directors intends to appropriate and expend the excess revenue. We also recommend the Board review the budgeted receipts and carryover fund balances when approving appropriations. The Board should ensure that appropriations do not exceed estimated resources in each fund.

Officials' Response: We are working to correct this.

**HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2006-005

Material Noncompliance/Significant Deficiency/Material Weakness - Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Treasurer is attached thereto. The Treasurer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate - If the Treasurer can certify that both at the time that the contract or order was made ("then"), and at the time that the Treasurer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the Treasurer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate - Treasurers may prepare "blanket" certificates if the District has approved their use and established maximum amounts.

3. Super Blanket Certificate - The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Treasurer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The District did not certify the availability of funds in 2006 and could not provide evidence of the limited certifications documented in 2005. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Treasurer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

Officials' Response: We are working to correct this.

HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC 5705.41(D)	No	Repeated as Finding Number 2006-005
2004-002	ORC 5705.36(A)(2)	No	Repeated as Finding Number 2006-004



Mary Taylor, CPA
Auditor of State

HUNTER'S RUN CONSERVANCY DISTRICT
FAIRFIELD 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
DECEMBER 18, 2007