



**SAND BEACH CONSERVATION DISTRICT  
OTTAWA COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**SAND BEACH CONSERVATION DISTRICT  
OTTAWA COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Sand Beach Conservation District  
Ottawa County  
8513 West Division Street  
Oak Harbor, Ohio 43449-9089

To the Board of Directors:

We have audited the accompanying financial statements of Sand Beach Conservation District, Ottawa County, Ohio, (the District) as of and for the years ended December 31, 2000 and 1999. 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 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 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 fund cash balances of the District as of December 31, 2000 and 1999, 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 August 16, 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 audits.

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

August 16, 2001

**SAND BEACH CONSERVATION DISTRICT  
OTTAWA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>2000</b>	<b>1999</b>
<b>Cash Receipts:</b>		
Special Assessment	35,380	35,325
Interest	931	931
Miscellaneous	718	1,155
Total Cash Receipts	37,029	37,411
<b>Cash Disbursements:</b>		
Toledo Edison	255	203
Secretary/Treasurer	1,905	1,498
Engineer	1,042	3,107
Maintenance	0	15,642
Insurance	210	210
Other Expense	770	860
Legal	3,196	1,763
Contracts and Materials	29,234	18,874
Supplies	204	264
Total Cash Disbursements	36,816	42,421
Total Cash Receipts Over/(Under) Cash Disbursements	213	(5,010)
Cash Balance, January 1	29,712	34,722
<b>Cash Balance, December 31</b>	<b>\$29,925</b>	<b>\$29,712</b>

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

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**SAND BEACH CONSERVATION DISTRICT  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Sand Beach Conservation District, Ottawa 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 Sand Beach.

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. 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 Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. The District did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**2. CASH**

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$29,925</u>	<u>\$29,712</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**SAND BEACH CONSERVATION DISTRICT  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$36,225	\$37,029	\$804

2000 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$65,937	\$36,816	\$29,121

1999 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$35,800	\$37,411	\$1,611

1999 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$66,918	\$42,421	\$24,497

The fiscal officer did not properly certify the availability of funds prior to expenditures being incurred as required by the Ohio Revised Code.

**4. RETIREMENT SYSTEM**

The District's full-time employee belongs 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The District has paid all contributions required through December 31, 2000.

**SAND BEACH CONSERVATION DISTRICT  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Blanket Fidelity Bond.

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JIM PETRO, AUDITOR OF STATE

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Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Sand Beach Conservation District  
Ottawa County  
8513 West Division Street  
Oak Harbor, Ohio 43449-9089

To the Board of Directors:

We have audited the accompanying financial statements of Sand Beach Conservation District (the District) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 16, 2001. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2000-20162-001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 August 16, 2001.

Sand Beach Conservation District  
Ottawa County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

August 16, 2001

**SAND BEACH CONSERVATION DISTRICT  
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-20162-001**

**Noncompliance Citation**

Ohio Revised Code §§ 5705.41 (D) and 6101.44 provide that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Section 5704.41 also provides two exceptions to the above requirements.

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
  
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board.

We noted 57% of the disbursements tested were not certified prior to the expenditure being incurred, and neither of the exceptions provided for were used. This could allow expenditures to exceed available resources. We recommend that the Clerk certify all expenditures before the obligation is incurred. Any unforeseen or emergency expenditures should be certified using the abovementioned exceptions.

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**SAND BEACH CONSERVATION DISTRICT  
OTTAWA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1998-20162-001	The failure to properly certify expenditures in accordance with Ohio Revised Code §§ 5705.41(D) and 6101.44.	No	Not Corrected. District has incurred a turnover in the Clerk's position and has not been able to correct this process.
1998-20162-002	Expenditures exceeding appropriations in violation of Ohio Revised Code § 6101.44.	Yes	

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OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**SAND BEACH CONSERVATION DISTRICT**

**OTTAWA 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**