

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY  
FINANCIAL STATEMENTS  
Years Ended December 31, 2008 and 2007**





Mary Taylor, CPA  
Auditor of State

Rushcreek Conservancy District  
134 Mulberry Street  
Breman, Ohio 43107

We have reviewed the *Independent Auditor's Report* of the Rushcreek Conservancy District, Perry County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Rushcreek Conservancy District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 28, 2009

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PERRY COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

Rushcreek Conservancy District  
Bremen, OH

We have audited the accompanying financial statements of Rushcreek Conservancy District, Perry County, (the "District") as of and for the years ended December 31, 2008 and 2007. 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 more fully described in Note 1 to the financial statements, 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 American (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.

Instead of the combined funds the accompanying financial statements present, GAAP requires 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 Districts 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, 2008 and 2007 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, 2008 and 2007, or its change in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the District, as of December 31, 2008 and 2007, and its combined receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

*much more than an accounting firm*

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of American 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 July 6, 2009 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 or our testing of internal control over financial reports and compliance, and the results of that testing. 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 assessing the result of our audit.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co.".

Jones, Cochenour & Co.  
July 6, 2009



**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Timber Sale	\$ -	\$ 22,707	\$ 22,707
Sale of Water	25,000	-	25,000
Building Rental	10,740	-	10,740
Interest	8,678	7,538	16,216
Sale of Oil and Gas	1,853	-	1,853
Conservation Reserve Program	-	15,607	15,607
Land Lease Crop/Other	-	13,864	13,864
Property Tax Assessments	-	85,977	85,977
State & Federal - Rehab	-	92,000	92,000
Other	6	402	408
	<u>46,277</u>	<u>238,095</u>	<u>284,372</u>
<b>Total Cash Receipts</b>			
	<u>46,277</u>	<u>238,095</u>	<u>284,372</u>
<b>Cash Disbursements:</b>			
Payroll	8,031	40,557	48,588
Administration Expense and Supplies	3,375	15,356	18,731
Attorney, Appraiser and Judge Fee	1,292	-	1,292
Director and Secretary Expense	324	1,911	2,235
Real Estate Taxes	2,490	-	2,490
Utilities	4,227	-	4,227
Assessment refunds	428	-	428
Insurance	3,531	-	3,531
Payroll Taxes	116	588	705
Workers' Compensation	120	499	619
Public Employees Retirement	1,124	5,674	6,797
Maintenance and Repair	5,717	1,272	6,989
Inspection fees	-	5,280	5,280
Advertising	32	-	32
Maintenance Contracts	-	169,058	169,058
Loan Payment	-	12,000	12,000
Capital Outlay	-	3,469	3,469
	<u>30,807</u>	<u>255,664</u>	<u>286,471</u>
<b>Total Cash Disbursements</b>			
	<u>30,807</u>	<u>255,664</u>	<u>286,471</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	15,470	(17,569)	(2,099)
<b>Fund Cash Balances, January 1</b>	<u>220,178</u>	<u>222,352</u>	<u>442,530</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 235,648</u>	<u>\$ 204,783</u>	<u>\$ 440,431</u>

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

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Timber Sale	\$ -	\$ 14,575	\$ 14,575
Sale of Water	20,000	-	20,000
Building Rental	10,740	-	10,740
Interest	12,762	-	12,762
Sale of Oil and Gas	2,858	-	2,858
Conservation Reserve Program	14,833	-	14,833
Land Lease Crop/Other	-	13,143	13,143
Property Tax Assessments	-	86,085	86,085
State & Federal - Rehab	-	8,927	8,927
Other	178	378	556
	<u>61,371</u>	<u>123,108</u>	<u>184,479</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Payroll	8,102	33,652	41,754
Administration Expense and Supplies	2,897	12,105	15,002
Attorney, Appraiser and Judge Fee	269	-	269
Director and Secretary Expense	307	1,031	1,338
Real Estate Taxes	2,590	-	2,590
Utilities	3,964	-	3,964
Insurance	3,525	-	3,525
Payroll Taxes	117	488	605
Workers' Compensation	112	445	557
Public Employees Retirement	1,121	4,657	5,778
Maintenance and Repair	1,783	1,226	3,009
Inspection fees	-	5,408	5,408
Advertising	28	-	28
Audit	1,931	1,931	3,862
Other	50	-	50
Maintenance Contracts	-	23,482	23,482
Loan Payment	-	12,000	12,000
Capital Outlay	-	9,455	9,455
	<u>26,796</u>	<u>105,880</u>	<u>132,676</u>
<b>Total Cash Disbursements</b>			
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>34,575</b>	<b>17,228</b>	<b>51,803</b>
<b>Fund Cash Balances, January 1</b>	<u><b>185,603</b></u>	<u><b>205,124</b></u>	<u><b>390,727</b></u>
<b>Fund Cash Balances, December 31</b>	<u><u><b>\$ 220,178</b></u></u>	<u><u><b>\$ 222,352</b></u></u>	<u><u><b>\$ 442,530</b></u></u>

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

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Rushcreek Conservancy District, Perry 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 was organized under the provisions of the Ohio Rev. Code Section 6101.04, in the manner and subject to the conditions provided by Ohio Rev. Code Sections 6101.01 to 6101.84, inclusive, for the purpose of watershed protection and flood prevention in the District, which covers parts of Fairfield, Hocking and Perry Counties.

The governing body for the District consists of a Board of Directors of three (3) members appointed by the Court of Common Pleas in accordance with Ohio Rev. Code Section 6101.10, to serve a term of five (5) years.

The District's management believes the 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 are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The District uses 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 by law or contract to be restricted.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Special Assessment General Maintenance Fund* – This fund receives special assessment property tax money and interest to maintain District watershed protection and flood prevention sites.

*VII-C Rehabilitation Fund* – This fund receives state and federal monies for the purpose of acquiring all real property rights and interests needed for the rehabilitation of Structure VII-C.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**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 canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. CASH AND INVESTMENTS**

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 107,944	\$ 99,835
Certificates of deposit	332,487	342,695
Total deposits	<u>\$ 440,431</u>	<u>\$ 442,530</u>

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

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

<b>2008 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,840	\$ 46,278	\$ 5,438
Special Revenue	226,800	238,094	11,294
<b>Total</b>	<b>\$ 267,640</b>	<b>\$ 284,372</b>	<b>\$ 16,732</b>

<b>2008 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 36,635	\$ 36,635	\$ -
Special Revenue	259,882	222,500	37,382
<b>Total</b>	<b>\$ 296,517</b>	<b>\$ 259,135</b>	<b>\$ 37,382</b>

<b>2007 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,900	\$ 61,370	\$ 4,470
Special Revenue	226,880	123,108	(103,772)
<b>Total</b>	<b>\$ 283,780</b>	<b>\$ 184,478</b>	<b>\$ (99,302)</b>

<b>2007 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 37,285	\$ 37,285	\$ -
Special Revenue	285,228	285,228	-
<b>Total</b>	<b>\$ 322,513</b>	<b>\$ 322,513</b>	<b>\$ -</b>

**4. DEBT**

The District entered into a 60-month promissory note with the First Bremen Bank on May 11, 2006, for \$42,664 for the purchase of a tractor. This note is secured by the tractor with required monthly payments of \$810.04. However, the District intends to pay off the debt sooner by making \$1,000 monthly payments.

Amortization of the above debt, including interest of 5.25%, is scheduled as follows:

Year ending December 31:	Promissory Note
2009	\$ 8,774
2010	\$ 9,246
2011	\$ 3,996

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**5. RETIREMENT SYSTEM**

The District's appointed officials and 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 prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, OPERS member employees contributed 10.0% and 9.5% of their gross salaries. The District contributed an amount equal to 14.00% and 13.85% of participants' gross salaries, respectively. The District has paid all employer contributions required through December 31, 2008.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Public Officials' liability; and
- Crime and employee dishonesty.

**7. PROPERTY TAX ASSESSMENT**

Property assessment taxes become a lien on January 1 proceeding the October 1 date for which rates are accepted by Fairfield, Hocking and Perry Counties. Payments are due to the Counties by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

The Counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Rushcreek Conservancy District  
Bremen, Ohio

We have audited the financial statements of Rushcreek Conservancy District as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 6, 2009. The District has prepared these financial statements in accordance with the basis of accounting prescribed or permitted by the Auditor of State. 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.

**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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

**Compliance and Other Matters**

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 grant agreements, 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*.

*much more than an accounting firm*

We noted certain matters that we reported to management of Rushcreek Conservancy District in a separate letter dated July 6, 2009.

This report is intended solely for the information and use of the board of directors, management and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co.".

Jones, Cochenour & Co.  
July 6, 2009



**RUSHCREEK CONSERVANCY DISTRICT**

**SCHEDULE OF FINDINGS**

**December 31, 2008 and 2007**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**No findings for the years ended December 31, 2008 and 2007.**

**RUSHCREEK CONSERVANCY DISTRICT**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

December 31, 2008

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2006-8326-001	A material noncompliance citation was issued in the prior audit under Ohio Rev. Code Section 5705.41(D) for not properly encumbering funds prior to expenditure.	Yes	
2006-8326-002	A material noncompliance citation was issued in the prior audit under Ohio Rev. Code Section 5705.36(A)(4) for not requesting amended certificates.	Yes	
2006-8326-003	A material noncompliance citation was issued in the prior audit under Ohio Rev. Code Section 5705.40 for not amending appropriatons.	Yes	



**Mary Taylor, CPA**  
Auditor of State

**RUSHCREEK CONSERVANCY DISTRICT**

**PERRY 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  
OCTOBER 8, 2009**