

**LE-AX WATER DISTRICT
ATHENS COUNTY
Single Audit
For the Year Ended December 31, 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Directors
Le-Ax Water District
PO Box 97
6000 Industrial Drive
The Plains, Ohio 45780

We have reviewed the *Independent Accountants' Report* of the Le-Ax Water District, Athens County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2010. 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 Le-Ax Water District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 9, 2011

This Page is Intentionally Left Blank.

**LE-AX WATER DISTRICT
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Basic Financial Statements:	
Statement of Net Assets.....	3
Statement of Revenues, Expenses and Changes in Net Assets.....	4
Statement of Cash Flows.....	5
Notes to the Basic Financial Statements.....	6
Supplemental Information:	
Federal Awards Expenditures Schedule.....	17
Notes to the Federal Awards Expenditures Schedule	18
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	21
Schedule of Findings - <i>OMB Circular A -133 § .505</i>	23

This Page is Intentionally Left Blank.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

INDEPENDENT ACCOUNTANTS' REPORT

April 1, 2011

Board of Directors
Le-Ax Water District
PO Box 97- 6000 Industrial Drive
The Plains, Ohio 45780

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of **Le-Ax Water District, Athens County, Ohio** (the District) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2011 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.

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.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditures schedule provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all respects to the basic financial statements taken as a whole.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**LE-AX WATER DISTRICT
ATHENS COUNTY
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 3,222,324	\$ 2,939,797
Accounts Receivable	293,573	286,579
Inventories	114,362	94,713
Prepaid Expenses	<u>28,905</u>	<u>30,245</u>
Total Current Assets	<u>3,659,164</u>	<u>3,351,334</u>
Noncurrent Assets:		
Capital Assets:		
Land and Easements	330,675	330,675
Construction-In-Progress	-	1,392,352
Depreciable Capital Assets (net of depreciation)	<u>16,620,500</u>	<u>14,388,077</u>
Capital Assets (net of depreciation)	<u>16,951,175</u>	<u>16,111,104</u>
Organizational Expense (net of accumulated amortization)	<u>9,748</u>	<u>13,950</u>
Total Noncurrent Assets	<u>16,960,923</u>	<u>16,125,054</u>
TOTAL ASSETS	<u><u>\$ 20,620,087</u></u>	<u><u>\$ 19,476,388</u></u>
LIABILITIES AND EQUITY:		
Current Liabilities:		
Accounts Payable	\$ 25,539	\$ 18,381
Accrued Wages and Compensated Leave	133,278	124,030
Accrued Payroll Deductions	22,305	15,305
Accrued Interest Payable	316,582	297,575
Current Portion of Long-Term Debt	<u>196,516</u>	<u>189,595</u>
Total Current Liabilities	<u>694,220</u>	<u>644,886</u>
Long-Term Liabilities:		
Long-Term Notes Payable	<u>10,499,782</u>	<u>9,307,921</u>
Total Long-Term Liabilities	<u>10,499,782</u>	<u>9,307,921</u>
TOTAL LIABILITIES	<u><u>\$ 11,194,002</u></u>	<u><u>\$ 9,952,807</u></u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	6,254,877	6,613,588
Restricted Net Assets	700,740	697,141
Unrestricted Net Assets	<u>2,470,468</u>	<u>2,212,852</u>
Total Net Assets	<u>9,426,085</u>	<u>9,523,581</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 20,620,087</u></u>	<u><u>\$ 19,476,388</u></u>

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

**LE-AX WATER DISTRICT
ATHENS COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Operating Revenues:		
Water Sales	\$ 3,077,483	\$ 2,949,085
Tap Sales	57,690	69,215
Miscellaneous Income	104,669	124,300
	<hr/>	<hr/>
Total Operating Revenues	3,239,842	3,142,600
	<hr/>	<hr/>
Operating Expenses:		
Plant Expense	223,643	213,268
Office Expense	181,918	146,310
Employee Expense	1,216,938	1,165,488
Professional Fees	36,961	23,489
Utilities	270,658	248,637
Repairs and Maintenance	317,581	257,345
Vehicle Expense	51,761	38,546
Depreciation and Amortization	693,848	648,281
Miscellaneous	-	23,718
	<hr/>	<hr/>
Total Operating Expenses	2,993,308	2,765,082
	<hr/>	<hr/>
Operating Income	246,534	377,518
	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):		
Interest Income	31,027	36,768
Interest Expense	(375,057)	(340,867)
	<hr/>	<hr/>
Total Non-operating Revenues/(Expenses)	(344,030)	(304,099)
	<hr/>	<hr/>
Change in Net Assets	(97,496)	73,419
	<hr/>	<hr/>
Net Assets - January 1	9,523,581	9,450,162
	<hr/>	<hr/>
Net Assets - December 31	<u>\$ 9,426,085</u>	<u>\$ 9,523,581</u>

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

**LE-AX WATER DISTRICT
ATHENS COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Cash Received from Water Sales and Tap Fees	\$ 3,128,179	\$ 3,000,319
Cash Received from Reimbursement and Miscellaneous Income	104,669	124,300
Cash Payments to Suppliers for Goods and Services	(1,093,673)	(972,322)
Cash Payments to Employees for Services	<u>(1,200,690)</u>	<u>(1,212,638)</u>
Net Cash Provided by (Used by) Operating Activities	<u>938,485</u>	<u>939,659</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(1,529,717)	(1,306,859)
Proceeds from Borrowings	1,388,377	1,621,658
Principal Paid on Long-Term Debt	(189,595)	(182,940)
Interest Paid	<u>(356,050)</u>	<u>(344,053)</u>
Net Cash Provided by (Used by) Capital and Related Financing Activities	<u>(686,985)</u>	<u>(212,194)</u>
Cash Flows from Investing Activities:		
Interest Received	<u>31,027</u>	<u>36,768</u>
Net Cash Provided by (Used by) Investing Activities	<u>31,027</u>	<u>36,768</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	282,527	764,233
Cash and Cash Equivalents - January 1	<u>2,939,797</u>	<u>2,175,564</u>
Cash and Cash Equivalents - December 31	<u><u>3,222,324</u></u>	<u><u>2,939,797</u></u>
Reconciliation of Operating Income to Net Cash Provided by (Used by) Operating Activities:		
Operating Income	246,534	377,518
Adjustments:		
Depreciation and Amortization	693,848	648,281
(Increase) Decrease in Accounts Receivable	(6,994)	(17,556)
(Increase) Decrease in Inventory	(19,649)	(22,507)
(Increase) Decrease in Prepaid Assets	1,340	(2,020)
Increase (Decrease) in Accounts Payable	7,158	3,093
Increase (Decrease) in Payroll Related Liabilities	<u>16,248</u>	<u>(47,150)</u>
Total Adjustments	<u>691,951</u>	<u>562,141</u>
Net Cash Provided by (Used by) Operating Activities	<u><u>\$ 938,485</u></u>	<u><u>\$ 939,659</u></u>

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

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Le-Ax Water District is a water district organized under the provisions of Section 6119 of the Ohio Revised Code by the Common Pleas Court of Athens County in August of 1981. The District has exercised its authority to issue revenue bonds and notes, which are payable from the revenues of the District, to finance the cost of projects that benefit the District and its customers. The District is also authorized to levy taxes for the current expenses of the District or for the issuance of bonds upon approval of a majority of the electorate. The District may also assess real estate for certain improvements and issue bonds in anticipation of the collection of such special assessments. The District has not exercised these taxing powers. The District operates under the direction of a five-member board of trustees. An appointed staff consisting of a general manager, superintendent, and three office clerks are responsible for fiscal control of the resources of the District. The District was established to provide an adequate and uncontaminated water supply for the consumption of the water district users and for industrial and business use. The District serves all or parts of the following political subdivisions:

<u>Athens County</u>	<u>Meigs County</u>	<u>Vinton County</u>
Alexander Township	Columbiana Township	Knox Township
Athens Township	Scipio Township	Brown Township
Canaan Township	Bedford Township	
Lee Township		<u>Hocking County</u>
Waterloo Township		Starr Township
York Township		Green Township
Village of Albany		

The financial reporting entity, as described by Governmental Accounting Standards Board Statement No. 14, is the “primary government.” A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The District does not have financial accountability over any entities; i.e. there are no component units. Furthermore, as a political subdivision, the District is distinct from, and is not an agency of, the State of Ohio or any other local government unit. The District is not subject to federal, state, or local income taxes.

The District’s management believes the basic financial statements included in this report represent all activities over which the District has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or after November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District’s accounting policies are described below.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

The District's operations are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the balance sheet. The operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The District uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. BUDGETARY PROCESS

The Ohio Revised Code requires the District to budget its funds through adoption of an operating budget by July 15 of each year for the following fiscal year. The operating budget includes estimates for total revenues, total expenses, and debt service requirements for the fiscal year. The District prepares its operating budget on the accrual basis of accounting, the same basis on which its financial statements are prepared.

D. CASH & CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, checking, savings, and nonnegotiable certificates of deposit in financial institutions.

E. ACCOUNTS RECEIVABLE

The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is included in the financial statements. When amounts are deemed uncollectible, they are expensed in the year in which that determination is made.

F. INVENTORY

The inventory of the District consists of expendable materials and supplies. Inventory is valued at cost, which approximates market, utilizing the first in, first out (FIFO) method. The cost is expensed at the time individual inventory items are consumed, if they are used for repairs and/or maintenance. The cost is capitalized if the inventory items are used to install taps for new water users or otherwise expand the system.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond the applicable fiscal year ended December 31, 2010 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the period in which those services are consumed.

H. CAPITAL ASSETS

Capital assets acquired or constructed for the general use of the District in providing service are recorded at cost. Donated assets are recorded at their estimated fair market value at the time received. Capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of three years. Depreciation of capital assets of the District is calculated utilizing the straight-line method. All assets reported in the financial statements are at cost less accumulated depreciation. The estimated useful lives by major capital asset class are as follows:

Water lines, treatment plant, and tanks	40 years
Water meters and installation	20 years
Office building	30 years
Roads and parking lots	10 years
Transportation and other equipment	5 years

I. COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, Accounting for Compensated Absences, the District records a liability for accumulated unpaid sick, vacation, and compensatory time benefits when earned by employees. Employees earn vacation time at varying rates depending on the duration of their employment. Beginning at the time of employment, employees become vested in accumulated unpaid vacation time. Ohio law requires that vacation time not be accumulated for more than three years. Unused vacation time is payable upon termination of employment. Unused sick leave may be accumulated until retirement. Employees are entitled to payment for accumulated sick leave credit upon retirement. Payment may be made up to a maximum of 25% of accrued sick leave or 240 hours, whichever is less. Employees may elect compensatory time off in lieu of overtime pay when overtime hours are worked. Upon termination of employment or retirement, employees are entitled to payment for unused compensatory time.

All vacation, sick leave and compensatory time benefits are compensated at the employee's current wage rate at the time of retirement or termination. All unpaid vacation time is accrued as a liability subject to the limits stated above. Unpaid sick leave is accrued as stated above for those employees eligible for retirement plus those who are likely to retire from the District.

J. REVENUES AND EXPENSES

Operating revenues and expenses result from supplying potable water to District residents and businesses. Operating revenues consist primarily of user charges for water based on the amount consumed. Operating expenses include the cost of providing water to District residents and businesses, including administrative expenses and depreciation of capital assets. Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Non-operating revenues and expenses include revenues and expenses from capital and related financing activities, and from investing activities.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. CONTRIBUTED CAPITAL

Contributed capital represents resources from other governments and private sources provided to proprietary funds that are not subject to repayment. Many of these are water line extensions that are constructed by other parties (with the inspection and approval of the District) and then turned over to the District. These assets are recorded at their fair market value on the date donated with an offsetting amount credited to Capital Contributions.

Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. Contributed capital of the District has been in the form of donated assets and receipts from customers and developers as well as various federal and/or state grants.

L. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. NET ASSETS

Net assets represent the differences between assets and liabilities. Net Assets Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Restricted net assets consist of monies and other resources which are restricted to satisfy debt service requirements as specified in debt agreements.

N. RESTRICTED ASSETS

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent certain resources, which are segregated from other resources of the District's to comply with various covenants established by debt financing agreements.

NOTE 2 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the District has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Undeposited Cash At year-end 2010, the District had \$200 in un-deposited cash on hand, included as part of *Cash and cash equivalents*.

Deposits At year-end 2010 and 2009, the carrying amount of the District's deposits was \$2,290,687 and \$2,034,854 and the bank balance was \$2,311,414 and \$2,134,375, respectively. Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Deposits with financial institutions were covered by federal depository insurance and/or were collateralized by a pool of securities maintained by the District's financial institutions but not in the District's name.

As of December 31, 2010 and 2009, the District had Certificates of Deposits with carrying values of \$931,437 and \$904,768, respectively.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments The District's investment policy does not address any restriction on investments relating to interest rate, credit, or custodial credit risks. The investment policy restricts investment in anything other than as identified in the Ohio Revised Code, except that all investments must mature within two years from the date of investments unless they are matched to a specific obligation or debt of the District. Purchasing investments that cannot be held until the maturity date is also restricted.

NOTE 3 – CAPITAL ASSETS

Changes in capital assets for the years ended December 31, 2010 and 2009 consisted of the following:

	12/31/2008		12/31/2009		12/31/2010		
	Balance	Additions	Deletions	Balance	Additions	Deletions	Balance
Capital assets non-depreciable:							
Land	\$ 224,014	\$ 94,620	\$ -	\$ 318,634	\$ -	\$ -	\$ 318,634
Easements	12,041	-	-	12,041	-	-	12,041
Construction in Progress	249,591	1,142,761	-	1,392,352	-	1,392,352	-
Total non-depreciable capital assets	485,646	1,237,381	-	1,723,027	-	1,392,352	330,675
Capital assets being depreciated:							
Water Plant and Buildings	4,663,069	-	-	4,663,069	-	-	4,663,069
Water Lines, Tanks, Wells	17,150,422	-	-	17,150,422	2,873,551	-	20,023,973
Roads, Parking Area, Fencing	68,836	-	-	68,836	-	-	68,836
Water Meters and Installation	1,099,952	21,907	-	1,121,859	31,243	-	1,153,102
Miscellaneous Equipment	709,928	47,570	-	757,498	17,274	-	774,772
Office Equipment	189,606	-	-	189,606	-	-	189,606
Total capital assets being depreciated	23,881,813	69,477	-	23,951,290	2,922,068	-	26,873,358
Less accumulated depreciation							
Water Plant and Buildings	1,331,893	120,189	-	1,452,082	120,190	-	1,572,272
Water Lines, Tanks, Wells	6,009,683	447,575	-	6,457,258	490,066	-	6,947,324
Roads, Parking Area, Fencing	47,307	5,026	-	52,333	4,838	-	57,171
Water Meters and Installation	723,974	35,059	-	759,033	35,639	-	794,672
Miscellaneous Equipment	627,130	33,599	-	660,729	36,411	-	697,140
Office Equipment	179,149	2,629	-	181,778	2,501	-	184,279
Total accumulated depreciation	8,919,136	644,077	-	9,563,213	689,645	-	10,252,858
Capital assets, net of depreciation	\$ 15,448,323	\$ 662,781	\$ -	\$ 16,111,104	\$ 2,232,423	\$ 1,392,352	\$ 16,951,175

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 4 – DEBT OBLIGATIONS

Debt outstanding at December 31, 2010 and 2009 consisted of the following:

<u>Name</u>	<u>Principal Outstanding 12/31/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 12/31/2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 12/31/2010</u>	<u>Due In One Year</u>
United States Department of Agriculture - USDA	\$ -	\$ 1,621,658	\$ -	\$ 1,621,658	\$ 1,388,377	\$ -	\$ 3,010,035	\$ -
Ohio Water Development Authority - OWDA	599,171	-	61,425	537,746	-	62,654	475,092	63,906
United States Department of Agriculture - USDA	6,015,133	-	104,751	5,910,382	-	109,465	5,800,917	114,391
United States Department of Agriculture - USDA	1,444,494	-	16,764	1,427,730	-	17,476	1,410,254	18,219
TOTALS	\$ 8,058,798	\$ 1,621,658	\$ 182,940	\$ 9,497,516	\$ 1,388,377	\$ 189,595	\$ 10,696,298	\$ 196,516

United States Department of Agriculture – Rural Development (USDA/RD) Revenue Bonds were issued in July 2009 for the construction of a new collector well, access road and water line. Revenue of the District has been pledged to repay these bonds. The original balance of the obligation was \$3,284,000 accruing interest charges at 2.625% per year. The debt instrument requires annual payments due August 1st for principal and interest repayment. Interest payments only are due until August 2012. As of December 31, 2010, the District has drawn \$3,010,035 of the \$3,284,000.

Ohio Water Development Authority (OWDA) Mortgage Revenue Bonds were issued in February 1997 for the construction of various fixed assets to provide service from the well to the distribution lines, including the operations plant and various storage facilities. Property and revenue of the District have been pledged to repay these amounts. The original balance of the obligation was \$1,200,328 accruing interest charges at 2.00% per year. The debt instrument requires semi-annual payments of \$36,704 for principal and interest retirement.

United States Department of Agriculture – Rural Development (USDA/RD) Revenue Bonds were issued in February 1997 for the construction of various fixed assets to provide service from the well to the distribution lines including the operation plant and various storage facilities. Revenue of the District has been pledged to repay these bonds. The original balance of the obligation was \$6,844,000 accruing interest charges at 4.50% per year. The debt instrument requires annual payments of \$375,432 for principal and interest retirement.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 4 – DEBT OBLIGATIONS (Continued)

United States Department of Agriculture – Rural Development (USDA/RD) Revenue Bonds were issued in April 2007 for the improvement and expansion of the over-all water system through the construction of additional water lines and storage facilities. Revenue of the District has been pledged to repay these bonds. The original balance of the obligation was \$1,476,000 accruing interest charges at 4.25% per year. The debt instrument requires annual payments of \$78,155 for principal and interest repayment.

The annual requirements to amortize all bonded debt outstanding including interest as of December 31, 2010 is as follows:

Year Ending	OWDA		USDA 1997		USDA 2005		USDA 2009	
	Revenue Bonds		Revenue Bonds		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 63,906	\$ 9,502	\$ 114,391	\$ 261,041	\$ 18,219	\$ 59,936	\$ -	\$ 86,205
2012	65,184	8,224	119,539	255,894	18,994	59,161	51,428	86,205
2013	66,488	6,920	124,918	250,514	19,801	58,354	52,778	84,855
2014	67,818	5,590	130,539	244,893	20,642	57,513	54,163	83,470
2015	69,176	4,233	136,413	239,019	117,142	273,633	55,585	82,048
2016-2020	142,520	4,298	779,860	1,097,300	144,240	246,535	300,594	387,571
2021-2025	-	-	971,848	905,314	177,610	213,164	342,173	345,993
2026-2030	-	-	1,211,099	666,061	218,700	172,075	389,504	298,661
2031-2035	-	-	1,509,250	367,910	269,295	121,480	443,381	244,784
2036-2040	-	-	703,060	47,805	331,596	59,180	504,712	183,454
2041-2045	-	-	-	-	74,015	3,146	574,526	113,640
2046-2049	-	-	-	-	-	-	515,156	34,197
Total	\$ 475,092	\$ 38,767	\$ 5,800,917	\$ 4,335,751	\$ 1,410,254	\$ 1,324,177	\$ 3,284,000	\$ 2,031,083

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 5 – RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the District's share of these unpaid claims collectible in future years is approximately \$27,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2009</u>	<u>2008</u>
\$28,343	\$32,791

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 6 - PENSION PLAN

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 6 - PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The District's 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$107,955, \$108,548, and \$94,102, respectively; 92 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

NOTE 7 – POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**Le-Ax Water District
Athens County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010**

NOTE 7 – POSTEMPLOYMENT BENEFITS (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$39,128, \$54,274, and \$47,051, respectively; 92 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**LE-AX WATER DISTRICT
ATHENS COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Direct Program:</i>			
Water and Waste Disposal Systems for Rural Communities	N/A	10.760	\$ 1,388,373
Total U.S. Department of Agriculture			<u>1,388,373</u>
Total Federal Awards Expenditures			<u>\$ 1,388,373</u>

The accompanying notes to this schedule are an integral part of this schedule

**Le-Ax Water District
Athens County
Notes to the Federal Awards Expenditures Schedule
For the Year Ended December 31, 2010**

Note A – Significant Accounting Policies

The accompanying Federal Awards Expenditures Schedule (the Schedule) is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

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

April 1, 2011

Board of Directors
Le-Ax Water District
PO Box 97- 6000 Industrial Drive
The Plains, Ohio 45780

To the Board of Directors:

We have audited the financial statements of the business-type activities of **Le-Ax Water District, Athens County, Ohio** (the District), as of and for the years ended December 31, 2010 and December 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 1, 2011. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 reasonably assuring whether the District's basic 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Directors, federal awarding agencies, and others within the District. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.

Perry & Associates
Certified Public Accountants, A.C.
www.perrycpas.com

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056
(740) 373-2402 Fax

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203
(304) 428-5587 Fax

ST. CLAIRSVILLE
121 E Main Street
St. Clairsville, OH 43950
(740) 695-1569
(740) 695-5775 Fax

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

April 1, 2011

Board of Directors
Le-Ax Water District
PO Box 97- 6000 Industrial Drive
The Plains, Ohio 45780

To the Board of Directors:

Compliance

We have audited the compliance of **Le-Ax Water District, Athens County, Ohio** (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of Directors, others within the District and federal awarding agencies. It is not intended for anyone other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C

Le-Ax Water District
Athens County
Schedule of Findings
OMB CIRCULAR A -133 § .505
December 31, 2010

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(I)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(I)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(I)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(I)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(I)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(I)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(I)(vii)</i>	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities CFDA # 10.760
<i>(d)(I)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

LE-AX WATER DISTRICT

ATHENS 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 19, 2011**