

**LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY  
Regular Audit  
For the Years Ended December 31, 2010 and 2009**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Trustees  
Leading Creek Conservancy District  
34481 Corn Hollow Road  
Rutland, Ohio 45775

We have reviewed the *Independent Accountants' Report* of the Leading Creek Conservancy District, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period January 1, 2009 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Leading Creek Conservancy 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

August 10, 2011

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**LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY**

**TABLE OF CONTENTS**

<u>TITLE</u>	<u>PAGE</u>
Independent Accountant's Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance for the Year Ended December 31, 2010.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance for the Year Ended December 31, 2009.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Governmental Auditing</i> Standards.....	9
Schedule of Prior Audit Findings.....	11

***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

June 29, 2011

Leading Creek Conservancy District  
Meigs County  
34481 Corn Hollow Road  
McConnelsville, OH 45775

To the Board of Trustees:

We have audited the accompanying financial statements of **Leading Creek Conservancy District**, Meigs County, Ohio (the District), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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 Conservancy 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or cash flows 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 Leading Creek Conservancy District, Meigs County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 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.

Respectfully submitted,

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

**Perry and Associates**  
Certified Public Accountants, A.C.

**LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>2010</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 1,101,813
Tap Fees	10,940
Miscellaneous	23,782
Total Operating Cash Receipts	1,136,535
<b>Operating Cash Disbursements:</b>	
Wages and Benefits	576,756
General and Administrative	54,357
Contractual Services	75,674
Utilities	133,664
Supplies and Materials	242,530
Capital Outlay	28,680
Total Operating Cash Disbursements	1,111,661
Operating Income/(Loss)	24,874
<b>Non-Operating Cash Receipts and (Disbursements)</b>	
Interest Income	10,566
Debt Payments	(46,188)
Interest Expense	(30,583)
<b>Total Non-Operating Cash Receipts and (Disbursements)</b>	(66,205)
<b>Net Cash Receipts Over/(Under) Cash Disbursements</b>	(41,331)
Cash Balances, January 1	1,231,677
<b>Cash Balances, December 31</b>	<b>\$ 1,190,346</b>

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



**LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>2009</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 1,251,762
Tap Fees	9,855
Miscellaneous	16,726
Total Operating Cash Receipts	1,278,343
<b>Operating Cash Disbursements:</b>	
Wages and Benefits	589,567
General and Administrative	50,342
Contractual Services	82,068
Utilities	117,988
Supplies and Materials	234,711
Capital Outlay	8,472
Total Operating Cash Disbursements	1,083,148
Operating Income/(Loss)	195,195
<b>Non-Operating Cash Receipts and (Disbursements)</b>	
Interest Income	17,296
Debt Payments	(158,552)
Interest Expense	(63,630)
<b>Total Non-Operating Cash Receipts and (Disbursements)</b>	(204,886)
<b>Net Cash Receipts Over/(Under) Cash Disbursements</b>	(9,691)
Cash Balances, January 1	1,241,368
<b>Cash Balances, December 31</b>	<b>\$ 1,231,677</b>

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

**Leading Creek Conservancy District**  
**Meigs County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2010 and 2009*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Leading Creek Conservancy District, Meigs County, Ohio (the District), was organized under the provisions of Ohio Revised Code Section 6101.04, in the manner and subject to the conditions provided by Ohio Revised Code Sections 6101.01 and 6101.84, inclusive, for the purpose of watershed protection and flood prevention.

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 Revised 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. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Deposits and Investments**

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. Budgetary Process**

The Ohio Revised Code requires the District to budget annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function or 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 District 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 carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**Leading Creek Conservancy District**  
**Meigs County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2010 and 2009*  
(Continued)

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

**E. Property, Plant and Equipment**

The District records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not report these items as assets.

**2. EQUITY IN POOLED DEPOSITS**

The District may invest in certificates of deposits or other obligations of the United States, or any agency or instrumentality thereof, or in obligations of the State or any political subdivision thereof.

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

	2010	2009
Demand deposits	\$ 473,662	\$ 525,134
Certificates of Deposit	716,684	706,543
Total deposits	\$ 1,190,346	\$ 1,231,677

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 1,392,968	\$ 1,147,101	\$ (245,867)
2010 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 1,342,300	\$ 1,188,432	\$ 153,868
2009 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 1,326,968	\$ 1,295,639	\$ (31,329)
2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 1,389,100	\$ 1,305,330	\$ 83,770

**Leading Creek Conservancy District**  
**Meigs County**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2010 and 2009  
(Continued)

**4. DEBT**

Debt outstanding at December 31, 2010 and 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA General Obligation Note	\$ 300,000	5.00%
USDA General Obligation Note	60,000	5.75%
OWDA General Obligation Note	204,674	6.36%
OWDA General Obligation Note	171,231	6.13%
OWDA General Obligation Note	120,866	2.00%
Vinton County National Bank	165,723	5.50%
Total	<u>\$ 1,022,494</u>	

The District issued water revenue bonds to finance various capital assets constructed to provide water service, including waterline extensions. Future revenues from the District's water operations collateralize these bonds.

The District retired a commercial note in August 2009 that was originally issued for the purchase of a John Deere Gator used for maintenance of water plant operations.

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

Year Ending	USDA Notes <u>Payable</u>	OWDA Notes <u>Payable</u>	Vinton Co. Note <u>Payable</u>	Total Notes <u>Payable</u>
December 31				
2011	132,450	54,434	29,302	216,186
2012	131,608	54,434	29,302	215,344
2013	133,508	54,434	29,302	217,244
2014	-	54,434	29,302	83,736
2015	-	54,434	29,302	83,736
2016-2020	-	272,171	51,295	323,466
2021-2025	-	144,892	-	144,892
2026-2028	-	24,469	-	24,469
Totals	<u>\$ 397,566</u>	<u>\$ 713,702</u>	<u>\$ 197,805</u>	<u>\$ 1,309,073</u>

**Leading Creek Conservancy District**  
**Meigs County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2010 and 2009*  
*(Continued)*

**4. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2010.

**5. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

- General liability and casualty
- Official's and Employee's Dishonesty Bonds
- Vehicles
- Property

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

June 29, 2011

Leading Creek Conservancy District  
Meigs County  
34481 Corn Hollow Road  
Rutland, Ohio 45775

To the Board of Trustees:

We have audited the financial statements of **Leading Creek Conservancy District**, Meigs County, Ohio, (the District) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 29, 2011, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 a 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 that we consider material weaknesses as defined above.

Leading Creek Conservancy District  
Meigs County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the District. We intend it for no one other than these specified parties.

Respectfully Submitted,

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

**Perry and Associates**  
Certified Public Accountants, A.C.

**LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Posting of Receipts and Expenditures	Yes	Corrected





# Dave Yost • Auditor of State

**LEADING CREEK CONSERVANCY DISTRICT**

**MEIGS 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  
AUGUST 23, 2011**