

**RUSHCREEK CONSERVANCY DISTRICT
PERRY COUNTY
FINANCIAL STATEMENTS
Years Ended December 31, 2006 and 2005**



Mary Taylor, CPA

Auditor of State

Board of Directors
Rushcreek Conservancy District
134 N. 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, 2005 through December 31, 2006. 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 Auditor's 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 Auditor's 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 Rushcreek Conservancy District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 15, 2007

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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, 2006 and 2005. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2006. Instead of the combined funds the accompanying financial statements present for 2006 (and 2005), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006. While the District does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District had elected not to reformat its statements. Since this District does not use GAAP to measure financial statements amounts, 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 year ended December 31, 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006, or its change in financial position or cash flows of its proprietary funds for the year 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, 2006 and 2005, and its combined receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2006. 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.

much more than an accounting firm

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial 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." followed by a period.

Jones, Cochenour & Co.
June 26, 2007

**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, 2006**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Sale of Water	\$ 20,000	\$ -	\$ 20,000
Building Rental	9,975	-	9,975
Interest	8,557	5,853	14,410
Sale of Oil and Gas	2,658	-	2,658
Conservation Reserve Program	15,231	-	15,231
Land Lease Crop/Other	14,047	-	14,047
Property Tax Assessments	-	89,321	89,321
Other	544	2,409	2,953
	<u>71,012</u>	<u>97,583</u>	<u>168,595</u>
Total Cash Receipts			
	<u>71,012</u>	<u>97,583</u>	<u>168,595</u>
Cash Disbursements:			
Payroll	8,177	32,464	40,641
Administration Expense and Supplies	2,516	13,220	15,736
Attorney, Appraiser and Judge Fee	493	-	493
Director and Secretary Expense	502	871	1,373
Real Estate Taxes	2,688	-	2,688
Utilities	4,042	-	4,042
Assessment refunds	3,880	-	3,880
Insurance	119	471	590
Payroll Taxes	150	500	650
Workers' Compensation	1,119	4,443	5,562
Public Employees Retirement	3,101	14,552	17,653
Maintenance and Repair	-	10,026	10,026
Inspection fees	-	5,908	5,908
Advertising	224	-	224
Other	393	71	464
Capital Outlay	42,664	6,968	49,632
	<u>70,068</u>	<u>89,494</u>	<u>159,562</u>
Total Cash Disbursements			
	<u>70,068</u>	<u>89,494</u>	<u>159,562</u>
Total Cash Receipts Over/(Under) Cash Disbursements	944	8,089	9,033
Other Financing Receipts:			
Loan Proceeds - Tractor	42,664	-	42,664
	<u>42,664</u>	<u>-</u>	<u>42,664</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	43,608	8,089	51,697
Fund Cash Balances, January 1	141,995	197,035	339,030
	<u>141,995</u>	<u>197,035</u>	<u>339,030</u>
Fund Cash Balances, December 31	\$ 185,603	\$ 205,124	\$ 390,727
	<u>\$ 185,603</u>	<u>\$ 205,124</u>	<u>\$ 390,727</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, 2005**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Sale of Water	\$ 20,000	\$ -	\$ 20,000
Building Rental	9,020	-	9,020
Interest	2,490	1,856	4,346
State and Federal Monies	-	251,259	251,259
Sale of Oil and Gas	2,284	-	2,284
Conservation Reserve Program	15,150	-	15,150
Land Lease Crop/Other	14,383	-	14,383
FEMA - 1580	-	2,432	2,432
Property Tax Assessments	-	87,150	87,150
Other	-	2,104	2,104
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	63,327	344,801	408,128
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Payroll	9,405	31,749	41,154
Administration Expense and Supplies	2,483	11,961	14,444
Attorney, Appraiser and Judge Fee	1,614	-	1,614
Director and Secretary Expense	1,219	1,142	2,361
Real Estate Taxes	2,500	-	2,500
Utilities	3,575	-	3,575
Insurance	3,366	-	3,366
Payroll Taxes	136	460	596
Workers' Compensation	169	366	535
Unemployment Compensation	-	3,525	3,525
Public Employees Retirement	1,274	4,302	5,576
Maintenance and Repair	2,019	31,173	33,192
Mortgage Payment	-	12,000	12,000
Inspection fees	-	4,285	4,285
Advertising	43	-	43
Audit	1,734	1,734	3,468
Other	-	344	344
Rehabilitation administrative cost	-	42,327	42,327
Maintenance Contracts	-	173,299	173,299
Capital Outlay	-	280	280
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	29,537	318,947	348,484
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	33,790	25,854	59,644
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	108,205	171,181	279,386
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 141,995	\$ 197,035	\$ 339,030
	<hr/>	<hr/>	<hr/>

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, 2006 AND 2005**

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, 2006 AND 2005**

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 function 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. The District did not properly encumber all commitments required by law.

A summary of 2006 and 2005 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>2006</u>	<u>2005</u>
Demand deposits	\$ 56,668	\$ 241,994
Certificates of deposit	334,059	97,036
Total deposits	<u>\$ 390,727</u>	<u>\$ 339,030</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, 2006 AND 2005**

3. BUDGETARY ACTIVITY

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

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 62,600	\$ 113,676	\$ 51,076
Special Revenue	599,500	97,583	(501,917)
Total	\$ 662,100	\$ 211,259	\$ (450,841)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 47,820	\$ 700,068	\$ (652,248)
Special Revenue	603,820	89,494	514,326
Total	\$ 651,640	\$ 789,562	\$ (137,922)

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 563,200	\$ 63,327	\$ (499,873)
Special Revenue	262,300	344,801	82,501
Total	\$ 825,500	\$ 408,128	\$ (417,372)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 548,520	\$ 29,537	\$ 518,983
Special Revenue	315,525	318,947	(3,422)
Total	\$ 864,045	\$ 348,484	\$ 515,561

Budgeted revenue exceeded actual revenue and appropriations were greater than actual revenue at both December 31, 2006 and 2005 in the General Fund for 2005 and the VIIC Rehabilitation Fund for 2006, contrary to Ohio law.

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 monthly payments of \$810.04.

**RUSHCREEK CONSERVANCY DISTRICT
PERRY COUNTY**

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

4. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>Promissory Note</u>
2007	\$ 9,720
2008	\$ 9,720
2009	\$ 9,720
2010	\$ 9,720
2011	\$ 2,596

The District intends to pay off the debt sooner by making \$1,000 monthly payments. The pick-up truck was paid off in 2005.

5. RETIREMENT SYSTEM

The District's appointed officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, PERS member employees contributed 9.0% and 8.5% of their gross salaries. The District contributed an amount equal to 13.70% and 13.55% of participants' gross salaries, respectively. The District has paid all employer contributions required through December 31, 2006.

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, 2006 and 2005, and have issued our report thereon dated June 26, 2007. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2006-8326-001 through 2006-8326-003.

We noted certain matters that we reported to management of Rushcreek Conservancy District in a separate letter dated June 26, 2007.

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.

Jones, Cochenour & Co.
June 26, 2007

much more than an accounting firm

RUSHCREEK CONSERVANCY DISTRICT

SCHEDULE OF FINDINGS
December 31, 2006 and 2005

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

FINDING NUMBER 2006-8326-001

NONCOMPLIANCE CITATION

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing unit from making any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the above requirement, one of which is found in Ohio Rev. Code Section 5705.41 (D) (1):

- “Then and Now” Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.
- Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The District incurred obligations prior to receiving the required certification from the Secretary/Treasurer. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

Recommendation:

We recommend the District require that prior certification be properly obtained from the Secretary/Treasurer before any District obligations are incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) requires to authorize disbursements. The Secretary/Treasurer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The Secretary/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Clerk Response:

The District will monitor this more closely.

FINDING NUMBER 2006-8326-002

NONCOMPLIANCE CITATION

Ohio Rev. Code Section 5705.36 (A) (4) requires all subdivisions to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources.

RUSHCREEK CONSERVANCY DISTRICT

SCHEDULE OF FINDINGS

December 31, 2006 and 2005

(Continued)

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

FINDING NUMBER 2006-8326-002 -continued

Budgeted revenue exceeded actual and appropriations were greater than actual revenue plus unencumbered cash as of December 31, 2006, as follows:

<u>Fund</u>	<u>Budgeted Resources</u>	<u>Actual Revenue Plus Unencumbered Cash</u>	<u>Appropriation Authority</u>
II - C Rehabilitation	\$ 502,000	\$ 164,059	\$ 500,000

Budgeted revenue exceeded actual revenue and appropriations were greater than actual revenue plus unencumbered cash as of December 31, 2005, as follows:

<u>Fund</u>	<u>Budgeted Resources</u>	<u>Actual Revenue Plus Unencumbered Cash</u>	<u>Appropriation Authority</u>
General fund	\$ 563,200	\$ 171,532	\$ 548,520

Recommendation:

We recommend the District monitor estimated and actual revenues for all funds on a regular basis. In the situation where budgeted revenue exceeds actual revenue and appropriations exceed actual revenue, the Directors should approve the reduction of estimated revenue and appropriations should be adjusted accordingly.

Clerk Response:

The District will monitor this more closely.

FINDING NUMBER 2006-8326-003

NONCOMPLIANCE CITATION

Ohio Revised Code Section 5705.40 provides, in part, that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. For 2006, it was noted that the General Fund had appropriations of \$47,820 and actually spent \$70,068 resulting in a negative variance of \$22,248.

Recommendation:

We recommend the District monitor estimated and actual revenues for all funds on a regular basis.

Clerk Response:

The District will monitor this more closely.

RUSHCREEK CONSERVANCY DISTRICT

SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-31064-001	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.	Partial	This issue is repeated in the current audit as finding number 2006-8326-001.
2002-31064-002	A material noncompliance citation was issued in the prior audit under Ohio Rev. Code Section 5705.36(A)(4) for not requesting amended certificates.	No	This issue is repeated in the current audit as finding number 2006-8326-002.



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
AUGUST 28, 2007**