

MUSKINGUM WATERSHED CONSERVANCY DISTRICT

AUDIT REPORT

DECEMBER 31, 2008



Mary Taylor, CPA
Auditor of State

Board of Directors
Muskingum Watershed Conservancy District
1319 Third Street, NW
P.O. Box 349
New Philadelphia, OH 44663

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 6, 2009

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Muskingum Watershed Conservancy District
New Philadelphia, OH 44663

We have audited the accompanying basic financial statements of Muskingum Watershed Conservancy District, (the District) and the aggregate discretely presented component units (sub-districts) as of and for the year ended December 31, 2008, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2008, and the respective changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 4 through 7 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

S. R. Smolgren, A.C.

Steubenville, Ohio
July 10, 2009

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NEW PHILADELPHIA, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

The discussion and analysis of the Muskingum Watershed Conservancy District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2008 are as follows:

- Current assets increased 18%. This increase is attributable to an increase in pooled cash and cash equivalents and accounts receivables.
- Total operating revenues decreased 10% versus 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – management's discussion and analysis and the basic financial statements. These statements are organized so that the reader can understand the financial position of the District. The statement of net assets represents the basic statement of position for the District. The statement of activities and changes in net assets present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The statement of cash flows reflects how the District finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NEW PHILADELPHIA, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District is not required to present government-wide financial statements as the District is engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

The following tables represent the District's condensed financial information for 2008 derived from the statement of net assets and the statement of receipts, disbursements, and changes in net assets.

	<u>2008</u>	<u>2007</u>
Current assets	\$ 6,655,717	\$ 5,643,573
Capital asset, net	<u>21,585,912</u>	<u>20,924,815</u>
Total assets	<u>28,241,629</u>	<u>26,568,388</u>
Current liabilities	2,724,743	2,060,348
Long-term debt outstanding	<u>11,635,008</u>	<u>11,043,392</u>
Total liabilities	<u>14,359,751</u>	<u>13,103,740</u>
Equity:		
Invested in capital assets net of related debt	8,921,708	9,556,414
Unrestricted	<u>4,960,170</u>	<u>3,908,234</u>
Total net assets	<u>\$13,881,878</u>	<u>\$13,464,648</u>

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NEW PHILADELPHIA, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Changes in Net Assets – The following shows the changes in net assets for 2008.

	<u>2008</u>	<u>2007</u>
Revenues		
Charges for services	\$12,862,602	\$12,955,959
Other operating receipts	<u>1,155,135</u>	<u>2,598,624</u>
Total receipts	<u>14,017,737</u>	<u>15,554,583</u>
Expenses		
Personnel costs	3,631,425	3,740,814
Contractual services	9,200,263	10,160,579
Depreciation	<u>852,076</u>	<u>880,213</u>
Total disbursements	<u>13,683,764</u>	<u>14,781,606</u>
Operating revenues over expenses	<u>333,973</u>	<u>772,977</u>
Nonoperating Activities		
Investment earnings	<u>83,257</u>	<u>96,849</u>
Total change in net assets	417,230	869,826
Beginning net assets	<u>13,464,648</u>	<u>12,594,822</u>
Ending net assets	<u>\$13,881,878</u>	<u>\$13,464,648</u>

Net assets increased by \$417,230. This increase was primarily the result of the expenditures incurred for capitalized cost associated with putting an assessment in place.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NEW PHILADELPHIA, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008 the District had \$21,585,912 net of accumulated depreciation invested in capital assets. The following table shows 2008 and 2007 balances:

	<u>2008</u>	<u>2007</u>	Increase (Decrease)
Land	\$ 2,171,279	\$ 2,171,279	\$ -
Capitalized development costs and land purchases	10,203,167	8,919,268	1,283,899
Buildings and improvements	20,342,355	20,342,355	-
Machinery and equipment	4,823,471	4,817,651	5,820
Office furnitures and fixtures	606,695	578,591	28,104
Autos and trucks	1,680,749	1,485,399	195,350
Less: accumulated depreciation	<u>(18,241,804)</u>	<u>(17,389,728)</u>	<u>(852,076)</u>
	<u>\$21,585,912</u>	<u>\$20,924,815</u>	<u>\$ 661,097</u>

Additional information on the District's capital assets can be found in Note 3.

DEBT

The following table summarizes the District's debt outstanding as of December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Promissory notes payable	\$ 1,139,440	\$1,172,570
Revenue bonds payable	3,783,547	4,084,654
Promissory notes payable (effective 2010)	<u>7,741,217</u>	<u>6,111,177</u>
	<u>\$12,664,204</u>	<u>\$11,368,401</u>

Additional information on the District's long-term debt can be found in Note 8 and 9.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information contact James Cugliari of the Muskingum Watershed Conservancy District.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
STATEMENT NET ASSETS
MAIN DISTRICT AND SUB-DISTRICTS COMBINED
AS OF DECEMBER 31, 2008**

	<u>Main District</u>	<u>Sub-Districts</u>	<u>Total Memorandum Only</u>
ASSETS:			
Current Assets			
Pooled cash and cash equivalents	\$ 1,731,613	\$ -	\$ 1,731,613
Cash in bank	-	1,668,809	1,668,809
Accounts receivable	<u>4,924,104</u>	-	<u>4,924,104</u>
Total current assets	<u>6,655,717</u>	<u>1,668,809</u>	<u>8,324,526</u>
Property Assets			
Land	2,171,279	-	2,171,279
Capitalized development costs and land purchases	10,154,296	3,626,356	13,780,652
Easements and right of way	48,871	-	48,871
Buildings and improvements	20,342,355	-	20,342,355
Machinery and equipment	4,823,471	-	4,823,471
Office furniture and fixtures	606,695	-	606,695
Autos and trucks	<u>1,680,749</u>	-	<u>1,680,749</u>
Total property assets	39,827,716	3,626,356	43,454,072
Less: accumulated depreciation	<u>(18,241,804)</u>	-	<u>(18,241,804)</u>
Net property assets	<u>21,585,912</u>	<u>3,626,356</u>	<u>25,212,268</u>
Total Assets	<u>\$ 28,241,629</u>	<u>\$5,295,165</u>	<u>\$ 33,536,794</u>

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

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
STATEMENT NET ASSETS
MAIN DISTRICT AND SUB-DISTRICTS COMBINED
AS OF DECEMBER 31, 2008**

	<u>Main District</u>	<u>Sub-Districts</u>	<u>Total Memorandum Only</u>
LIABILITIES & NET ASSETS:			
Current Liabilities			
Accounts payable	\$ 1,265,340	\$ -	\$ 1,265,340
Bonds payable – portion due within one year	1,040,398	-	1,040,398
Accrued interest payable	100	-	100
Performance bond payable	8,475	-	8,475
Escrow land rentals	175	-	175
Accrued health insurance	220,120	-	220,120
Accrued life insurance	8,035	-	8,035
Accrued industrial insurance	165,080	-	165,080
Accrued disability income	2,000	-	2,000
Accrued retirement insurance	<u>15,020</u>	-	<u>15,020</u>
Total current liabilities	<u>2,724,743</u>	<u>-</u>	<u>2,724,743</u>
Long-Term Liabilities			
Accounts payable	-	14,452	14,452
Loan payable – local committee	-	15,000	15,000
Loan payable - Ohio water commission	-	6,000	6,000
Bonds payable – portion due after one year	11,623,806	-	11,623,806
Deferred revenue	<u>11,202</u>	-	<u>11,202</u>
Total long-term liabilities	<u>11,635,008</u>	<u>35,452</u>	<u>11,670,460</u>
Total Liabilities	<u>14,359,751</u>	<u>35,452</u>	<u>14,395,203</u>
NET ASSETS			
Capital asset net of related debt	8,921,708	3,626,356	12,548,064
Unrestricted	<u>4,960,170</u>	<u>1,633,357</u>	<u>6,593,527</u>
Net Assets	<u>\$13,881,878</u>	<u>\$5,259,713</u>	<u>\$19,141,591</u>

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

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
MAIN DISTRICT AND SUB-DISTRICTS COMBINED
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Main District	Sub-Districts	Total Memorandum Only
REVENUES:			
Timber sales	\$ 327,535	\$ -	\$ 327,535
Pine/pulpwood sales	145,218	-	145,218
Land and building rentals	23,896	-	23,896
Collection of Assessments	-	368,134	368,134
Interest on deposits	-	36,713	36,713
Mineral rights and royalties	452,715	-	452,715
Share crop leases	328,633	-	328,633
State of Ohio – operating fund	-	-	-
Atwood Lodge receipts	3,948,509	-	3,948,509
Cottage sites	1,866,844	-	1,866,844
Private docks	432,165	-	432,165
Clubs	61,129	-	61,129
Lake patrol operations	46,047	-	46,047
Assessments	912,242	-	912,242
Marina operations	546,004	-	546,004
Fishing rights	62,647	-	62,647
Marina camping and reimbursements	68,871	-	68,871
Sale of assets	157,157	-	157,157
Water resources/flood control	37,819	-	37,819
Cottage construction permits	4,850	-	4,850
Capital credit refunds	8,568	-	8,568
Chippewa subdistrict reimbursement	31,832	-	31,832
Miscellaneous income	25,695	-	25,695
Rental boats	17,185	-	17,185
Water and sewer systems	85,526	-	85,526
Refreshment stand	33,856	-	33,856
Vacation cabins	370,264	-	370,264
Activity centers	22,955	-	22,955
Park camping	3,657,807	-	3,657,807
Firewood	21,882	-	21,882
Trailer storage	161,108	-	161,108
Trailer pump out	27,176	-	27,176
Admissions – park facilities	101,996	-	101,996
Safety	9,965	-	9,965
Special events	19,641	-	19,641
Total operating receipts	<u>\$14,017,737</u>	<u>\$404,847</u>	<u>\$14,422,584</u>

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

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
MAIN DISTRICT AND SUB-DISTRICTS COMBINED
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Main District</u>	<u>Sub-Districts</u>	<u>Total Memorandum Only</u>
EXPENSES:			
Water resources/flood control expense	1,235	-	1,235
Improvements to district properties	21,112	-	21,112
Office remodeling and equipment	78,860	-	78,860
Lake access improvements	-	-	-
Land and building rentals	9,612	-	9,612
Share crop expenses	182,882	-	182,882
Atwood lodge disbursements	4,597,034	-	4,597,034
Mineral operation expenses	5,181	-	5,181
Watershed management	26,296	-	26,296
Auto and truck repairs and maintenance	199,213	-	199,213
Office building repairs and maintenance	87,191	-	87,191
Assessment	890,715	-	890,715
Administrative and finance	1,152,134	-	1,152,134
Engineering	292,227	-	292,227
Forestry maintenance expense	172,347	-	172,347
Park camping expense	1,971,028	-	1,971,028
General park facilities expense	1,283,824	-	1,283,824
Cost of lake dredging	701	-	701
Expense of public launching facilities	-	-	-
Vacation cabin expense	123,569	-	123,569
Cottage site expenses	430,821	-	430,821
Marina operation expenses	36,781	-	36,781
Water and sewer system expenses	351,438	-	351,438
Lake patrol operation expenses	218,396	-	218,396
Public information expense	145,071	-	145,071
Safety expenses	91,660	-	91,660
Depreciation expense	852,076	-	852,076
Other recreation maintenance expense	462,360	-	462,360
Total operating disbursements	<u>13,683,764</u>	<u>-</u>	<u>13,683,764</u>
Excess of revenues			
Over expenses	333,973	404,847	738,820
Non-Operating Activities			
Interest on Investments	<u>83,257</u>	<u>-</u>	<u>83,257</u>
Net Income (Loss)	417,230	404,847	822,077
Net Assets – January 1, 2008	<u>13,464,648</u>	<u>4,854,866</u>	<u>18,319,514</u>
Net Assets – December 31, 2008	<u>\$13,881,878</u>	<u>\$5,259,713</u>	<u>\$19,141,591</u>

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

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
STATEMENT OF CASH FLOWS
MAIN DISTRICT
FOR THE YEAR ENDED DECEMBER 31, 2008**

Cash Flows from Operating Activities

Cash received from customers	\$14,017,737
Cash payments to suppliers for goods and services	(10,298,724)
Cash payments to employees	<u>(3,631,425)</u>
Net cash provided by operating activities	<u>87,588</u>

Cash Flows from Capital and Related Financing Activities

Proceeds from capital debt	1,630,040
Capital contributions	93,750
Acquisitions and construction of assets	(1,606,923)
Principal payment on revenue and note payable	<u>(334,237)</u>
Net cash used in capital and related financing activities	<u>(217,370)</u>

Cash Flows from Investing Activities

Receipts of interest earnings	<u>83,257</u>
Net cash provided by investing activities	<u>83,257</u>

Net decrease in cash and cash equivalents (46,525)

Cash and cash equivalents at beginning of year 1,778,138

Cash and cash equivalents at end of year \$ 1,731,613

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

Excess of revenues over expenses	\$ 333,973
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	
Depreciation	852,076
Changes in assets and liabilities:	
Increase in accounts receivable	(1,058,669)
Increase in accounts payable	279,669
Increase in performance bond payables	3,000
Decrease in accrued health insurance	(136,592)
Increase in accrued life insurance	2,406
Decrease in accrued industrial insurance	(170,799)
Decrease in accrued disability income	(7,167)
Decrease in accrued retirement insurance	(12,283)
Increase in deferred revenue	<u>1,974</u>
Total adjustments	<u>(246,385)</u>
Net cash provided by operating activities	<u>\$ 87,588</u>

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

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
STATEMENT OF NET ASSETS
SUB-DISTRICTS
AS OF DECEMBER 31, 2008**

	<u>Chippewa</u>	<u>Duck Creek</u>	<u>Blackfork</u>	<u>Buffalo Creek</u>	<u>Total</u>
ASSETS:					
Current Assets					
Cash in bank	\$1,660,458	\$ 8,351	\$ -	\$ -	\$1,668,809
Non-Current Assets					
Capitalized development costs and land costs	<u>3,591,541</u>	<u>5,400</u>	<u>1,822</u>	<u>27,593</u>	<u>3,626,356</u>
Total Assets	<u>\$5,251,999</u>	<u>\$13,751</u>	<u>\$1,822</u>	<u>\$27,593</u>	<u>\$5,295,165</u>
LIABILITIES AND NET ASSETS:					
Long-Term Liabilities					
Accounts payable	\$ -	\$ 37	\$1,822	\$12,465	\$ 14,324
Receipts and advances	-	-	-	128	128
Loan from local committee	-	-	-	15,000	15,000
Ohio water commission	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total long-term liabilities	<u>-</u>	<u>6,037</u>	<u>1,822</u>	<u>27,593</u>	<u>35,452</u>
Total Net Assets	<u>\$5,251,999</u>	<u>\$ 7,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,259,713</u>

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
STATEMENT OF ACTIVITIES
SUB-DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Chippewa</u>	<u>Duck Creek</u>	<u>Blackfork</u>	<u>Buffalo Creek</u>	<u>Total</u>
Revenues:					
Collection of assessments	\$ 368,134	\$ -	\$ -	\$ -	\$ 368,134
Interest on deposits	36,648	65	-	-	36,713
Land rental and miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating receipts	<u>404,782</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>404,847</u>
Expenses:					
Repairs and maintenance (\$47,457 capitalized)	-	-	-	-	-
Contract services (\$8,431 capitalized)	-	-	-	-	-
Salaries, wages & benefits (\$24,629 capitalized)	-	-	-	-	-
Other (\$13,233 capitalized)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenses	404,782	65	-	-	404,847
NET ASSETS JANUARY 1, 2008	<u>4,847,217</u>	<u>7,649</u>	<u>-</u>	<u>-</u>	<u>4,854,866</u>
NET ASSETS DECEMBER 31, 2008	<u>\$5,251,999</u>	<u>\$7,714</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,259,713</u>

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. Summary of Significant Accounting Policies:

A. Type of Reporting Entity:

The Muskingum Watershed Conservancy District was created as a separate political subdivision by the Ohio Legislature in 1933. The Muskingum Watershed Conservancy District was created in accordance with Section 101 of the Ohio Revised Code which is concerned with the formation and governing of conservancy districts. The district operates under an elected conservancy court consisting of eighteen court of common pleas judges, with one judge serving on the court from each county. Muskingum Watershed Conservancy District had a five member board of directors in 2006 appointed by the court. All other officers and employees are hired in accordance with the provisions of Section 6101 of the Ohio Revised Code. The district is a separate governmental entity within the eighteen county area served by the district.

2008 Board of Directors:

David L. Parham – Preseident	Term Expires June 08, 2011
Richard J. Pryce – Vice President	Term Expires July 18, 2012
Steve Kokovich – Member	Term Expires June 3, 2013
Thomas L. Tribbie - Member	Term Expires July 18, 2009
Harry Horstman – Member	Term Expires June 08, 2010

2008 Officers:

John M. Hoopingarner – Executive Director/Secretary
James B. Cugliari – Chief Financial Officer/Treasurer

Services provided by the district are defined in detail in the Ohio Conservancy District Act and Section 6104.04 of the Ohio Revised Code and include among other duties the following:

- (A) Flood prevention.
- (B) Regulating stream channels by changing, widening, and deepening the same.
- (C) Providing a water supply for domestic, industrial, and public use.
- (D) Providing for the collection and disposal of sewage and other liquid waste.
- (E) Regulating the flow of streams and conserving the waters thereof.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

The district manages fourteen reservoirs and receives income from the following and other sources:

- (A) Park camping.
- (B) Rental of sites for cottages.
- (C) Sale of crops
- (D) Sale of timber and pulpwood
- (E) Atwood resort facilities
- (F) Boat marina rentals and docking

Sub-districts:

Chippewa sub-district, Black Fork Sub-district, Buffalo sub-district and Duck Creek Sub-district are component units of Muskingum Watershed Conservancy District. Each sub-district was formed in accordance with Chapter 6101-71 of the Ohio Revised Code; organization of sub-districts. They were put into action as a result of petitions of the owners of real property subject to flooding within their areas. To date the only active sub-district is the Chippewa sub-district. Currently the conservancy district is going through a readjustment of the assessment of Chippewa sub-district so that additional maintenance funds can be obtained to maintain the project. Black Fork sub-district, Buffalo Creed Sub-district and Duck Creek sub-districts are inactive.

B. Basis of Accounting

The District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The District operates as a self-supporting governmental enterprise and uses accounting polices applicable to governmental enterprise funds. All transactions are accounted for in a four enterprise funds.

Pursuant to GASG Statement No. 20 *“Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,”* the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinion and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The District has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities.

C. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its enterprise activity.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

F. Budgetary Process:

Budget:

The District's annual budget of revenues, expenses, and capital expenditures is prepared under the modified cash basis of accounting. The budget is adopted by resolution of the Board of Directors. The District utilizes such budget and related budgetary accounting to ensure that: (1) service objectives are attained, (2) expenditures are properly controlled; and (3) adequate resources will be available to finance current operations and meet capital outlay requirements.

Because the District's revenues and expense may fluctuate, a flexible-rather than fixed-dollar budget is utilized to permit budgetary revision. Actual results of operations are compared to the final, revised budget of the District for the year.

Appropriations:

The annual appropriation measure is passed on the last meeting of the year in December, for the period January 1 to December 31 of the following year. The appropriation measure may be amended or supplemented by the board. The total amount appropriated from any fund for any year shall not exceed the sum of the unencumbered balance in the fund at the beginning of the year and the amounts to be received during such year from bonds authorized, and taxes and special assessments imposed prior to their appropriation, together with all other moneys estimated to be received by the fund during the year. At the close of each calendar year, all unencumbered balance of appropriations shall revert to the funds from which they were made and shall be subject to reappropriation.

Encumbrances:

The district is required to use the encumbrance method of accounting by virtue of Ohio Law. Under this system purchase order, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of the calendar year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

G. Property Assets/Depreciation:

Capital Assets are defined by the Port Authority as assets with an initial, individual cost of more than \$500.

Property, plant and equipment acquired by the District are stated at cost (or estimated historical cost), including architectural and engineering fees where applicable.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Machinery, equipment, vehicles, furniture and fixtures	5-10
Buildings and building improvements	39.5

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

F. Accumulated Unpaid Vacation, Sick Leave, Compensatory and Personal Items:

Accumulated unpaid vacation, sick leave, compensatory and personal time are not accrued under the accrual basis of accounting described in Note 1D. All leave will either be absorbed by time off from work or, within certain limitations, be paid to the employees.

G. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

H. Net Assets

Net assets represent the difference 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.

I. Revenue & Expenses

Operating revenues consist primarily of fees for services, rents and charges for use of District facilities, and other income. Operating expenses include the cost of providing these services, including administrative expenses and depreciation on capital assets.

Nonoperating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Nonoperating revenues include intergovernmental grants and interest from investments. Nonoperating expenses include interest expense on long-term debt.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

2.Pooled Cash and Cash Equivalents

Category I consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures or any 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;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

2. Pooled Cash and Cash Equivalents (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposit may not be returned. Protection of the District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$3,400,422 and the bank balance was \$3,330,794. Federal depository insurance covered \$250,000 of the bank balance, and all remaining deposits were uninsured and uncollateralized as defined by the GASB because the collateral pledged by the financial institutions or their trust departments or agents was not in the Port Authority's name due to the fact that the pledging bank has an investments and securities pool used to collateralize all public deposits. This method of collateralization is expressly authorized by state statute.

3. Capital Assets

Proprietary capital assets – summary by category at December 31, 2008

Historical Cost:

<u>Class</u>	<u>December 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2008</u>
Capital assets not being depreciated:				
Land	\$ 2,171,279	\$ -	\$ -	\$ 2,171,279
Development costs and land purchases	<u>12,451,874</u>	<u>1,377,649</u>	<u>-</u>	<u>13,829,523</u>
Subtotal	<u>14,623,153</u>	<u>1,377,649</u>	<u>-</u>	<u>16,000,802</u>
Capital assets being depreciated:				
Building and improvements	20,342,355	-	-	20,342,355
Machinery and equipment	4,817,651	5,820	-	4,823,471
Office furniture and fixtures	578,591	28,104	-	606,695
Autos and trucks	<u>1,485,399</u>	<u>195,350</u>	<u>-</u>	<u>1,680,749</u>
Subtotal	<u>27,223,996</u>	<u>229,274</u>	<u>-</u>	<u>27,453,270</u>
Total cost	<u>\$41,847,149</u>	<u>\$1,606,923</u>	<u>\$ -</u>	<u>\$43,454,072</u>

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

Accumulated Depreciation

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Capital assets being depreciated:				
Building and improvements	\$12,368,156	\$457,117	\$ -	\$12,825,273
Machinery and equipment	3,619,880	223,169	-	3,843,049
Office furniture and fixtures	373,811	46,190	-	420,001
Autos and trucks	<u>1,027,881</u>	<u>125,600</u>	-	<u>1,153,481</u>
Total depreciation	<u>17,389,728</u>	<u>852,076</u>	-	<u>18,241,804</u>
Net value	<u>\$24,457,421</u>			<u>\$25,212,268</u>

4. Risk Management

4A. Comprehensive Liability Insurance:

The district maintains comprehensive insurance coverage with private carriers for the following:

- A. All risks (Building and contents 80% coinsurance)
- B. Business auto
- C. Law enforcement
- D. Directors/Officers
- E. Boiler and machinery
- F. Umbrella liability
- G. Public employee disability
- H. Employee bonds

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage in the year 2008.

4B. Self-insurance:

Muskingum Watershed Conservancy District has a self-funded health insurance plan administered by third party administrator Aultcare.

The monthly premium in 2008 for a single employee is \$420, \$660 for an employee plus 1, and for the family of an employee is \$997.

The overall stop loss for the plan is \$540,017 at 12/31/2008.

The limit per occurrence was \$40,000 in 2008 with no exceptions on individual employees for either year. When Muskingum Watershed Conservancy District pays claims or reimburses employees for medical bills in excess of the limits they are reimbursed by Excess Re-insurance Underwriters Agency, Inc.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

5. Retirement System:

The following information was provided by the Ohio Public Employees Retirement System (the "Ohio PERS") to assist the Authority in complying with GASB Statement No. 27, *"Accounting for Pensions by State and Local Government Employers."*

All employees of the District participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2008, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2008 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 7.0% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the District are established and may be amended by the OPERS Board. The District's required contributions for pension obligations to OPERS for the years ending December 31, 2008, 2007 and 2006 were \$524,970, \$502,528 and \$495,816, respectively, which were equal to the required contributions for each year.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member 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.

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 health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy - The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. 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.

The District's contributions for health care to the OPERS for the years ending December 31, 2008, 2007, and 2006 were \$524,970, \$502,528 and \$495,816, respectively, which were equal to the required contributions for each year.

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 as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

6. Legal Proceedings:

The district is involved in litigation in the normal course of business. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate liability is not expected to have a material effect on the district's financial position.

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

7. Bonds Payable:

Muskingum Watershed Conservancy District has three bonds payable outstanding at December 2008, as follows:

7A. This is a \$1,300,000.00, 4.75%, fifteen year Revenue Bond dated February 24, 1998, and maturing February 24, 2013. This bond was purchased by Key Bank of Cleveland, Ohio. Funds were borrowed for the renovation, construction and improvement to the Muskingum Watershed Conservancy District administration building in New Philadelphia, Ohio. Principal and interest is due the 24th day of each month starting March 24, 1998.

Bond principal is due as follows:

2009	\$101,789
2010	106,731
2011	111,913
2012	117,346
2013	20,105
Thereafter	<u>-</u>
Total	<u>\$457,884</u>

7B. This is a \$1,300,000.00, 5.31%, fifteen year Revenue Bond dated December 17, 1999 and maturing December 13, 2014. This bond was purchased by Key Bank of Cleveland, Ohio. Funds were borrowed for the purpose of paying all or a portion of the costs of renovating, construction, acquiring and installing improvements to cabins and other facilities at Tappan and Atwood Parks and all necessary appurtenances thereto. Principal and interest is due the 13th day of each month starting January 13, 2000.

Bond principal is due as follows:

2009	\$ 93,876
2010	98,984
2011	104,370
2012	110,048
2013	116,036
Thereafter	<u>122,350</u>
Total	<u>\$645,664</u>

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

7C. This is a \$550,692.22, 5.56% Cooperative Agreement with Ohio Water Development Authority for construction of a 75,000 and a 10,000 gallon water tank and 3,807 linear feet of 6” water line and 3,676 linear feet of 4” water line at Tappan Lake Park. The agreement date is April 15, 1999 with a contract term of twenty-five years with the first semi-annual payment due January 1, 2000 and the final payment due July 1, 2024. Principal and interest is due January 1 and July 1 with the first payment due January 1, 2000.

Bond principal is due as follows:

2009	\$ 17,301
2010	18,277
2011	19,307
2012	20,395
2013	21,545
Thereafter	<u>334,313</u>
Total	<u>\$431,138</u>

7D. This is a \$795,000 agreement with Consumers Ohio Water Company for improved and upgraded water system at Charles Mill Sites Lake cottages. The agreement is dated December, 2002 with a contract term of twenty five years with monthly payments due March 1, 2003.

Bond principal is due as follows:

2009	\$ 18,044
2010	19,436
2011	20,936
2012	22,550
2013	24,290
Thereafter	<u>603,046</u>
Total	<u>\$708,302</u>

7E. This is a \$7,741,217 assessment loan from OWDA. It is a 5.1% interest bearing loan utilized to fund implementation of the assessment.

Loan Principal is due as follows:

2009	\$ 689,288
2010	1,426,402
2011	1,505,636
2012	1,583,402
2013	1,665,185
Thereafter	<u>871,204</u>
Total	<u>\$7,741,117</u>

**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

7F. This is a \$3,095,000 variable rate revenue bond used to finance construction at Atwood Resort. This note is dated April 23, 2003.

Bond principal is due as follows:

2009	\$ 120,000
2010	125,000
2011	135,000
2012	140,000
2013	150,000
Thereafter	<u>2,010,000</u>
Total	<u>\$2,680,000</u>

8. Long-Term Debt

Long-term debt obligations of the District at December 31, 2008 were as follows:

	<u>December 31, 2007</u>	<u>Additions (Deletions)</u>	<u>December 31, 2008</u>	<u>Amount Due Within One Year</u>
Long-term debt				
4.75% Revenue Bond	\$ 554,960	\$ (97,076)	\$ 457,884	\$ 101,789
5.31% Revenue Bond	734,694	(89,031)	645,664	93,876
5.56% OH Water Dev. Auth.	447,516	(16,378)	431,138	17,301
7.50% Con OH Water Co.	725,054	(16,752)	708,302	18,044
Variable Rate Revenue Bond	2,795,000	(115,000)	2,680,000	120,000
5.00% OH Water Dev. Auth.	<u>6,111,177</u>	<u>1,630,040</u>	<u>7,741,117</u>	<u>689,388</u>
Total long-term debt	<u>\$11,368,401</u>	<u>\$1,295,803</u>	<u>\$12,664,105</u>	<u>\$1,040,398</u>

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of December 3, 2008 follows:

<u>Years</u>	<u>Revenue Bonds</u>		<u>Promissory Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 315,665	\$ 158,506	\$ 724,733	\$ 272,505
2010	330,715	143,669	1,464,115	413,449
2011	351,283	128,114	1,545,879	337,420
2012	367,394	111,615	1,626,347	257,425
2013	286,141	96,164	1,711,020	173,249
Thereafter	<u>2,132,350</u>	<u>479,158</u>	<u>1,808,563</u>	<u>503,366</u>
	<u>\$3,783,548</u>	<u>\$1,117,226</u>	<u>\$8,880,657</u>	<u>\$1,957,414</u>



**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***

Board of Directors
Muskingum Watershed Conservancy District
New Philadelphia, Ohio 44663

We have audited the financial statements of Muskingum Watershed Conservancy District (the District) and the aggregate discretely presented component units (sub-districts) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 10, 2009. 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 audit procedures for expressing our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial misstatement.

**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*
(CONTINUED)**

Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

S. R. Smolgrass, A.C.

Steubenville, Ohio
July 10, 2009



Mary Taylor, CPA
Auditor of State

MUSKINGUM WATERSHED CONSERVANCY DISTRICT

TUSCARAWAS 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
NOVEMBER 19, 2009**