



Dave Yost • Auditor of State



**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Rushcreek Conservancy District  
Perry County  
134 Mulberry Street  
Bremen, Ohio 43107

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Rushcreek Conservancy District, Perry County, Ohio (the District), as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Rushcreek Conservancy District, Perry County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 10, 2015

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Sale of Water	\$15,000	\$0	\$15,000
Rental Building	9,153	0	9,153
Interest	443	1,084	1,527
Sale of Oil & Gas	195	0	195
Other	554	1,056	1,610
Assessments	0	86,648	86,648
Land Lease	0	23,524	23,524
Conservation Reserve Program	0	6,895	6,895
<i>Total Cash Receipts</i>	<u>25,345</u>	<u>119,207</u>	<u>144,552</u>
<b>Cash Disbursements</b>			
Current:			
Payroll	15,001	35,108	50,109
Payroll Taxes	218	509	727
PERS	2,100	4,915	7,015
Director and Secretary Expense	1,067	647	1,714
Worker`s Compensation	227	457	684
Administrative Expenses & Supplies	1,773	0	1,773
Legal	1,078	0	1,078
New Equipment	598	14,262	14,860
Building Maintenance & Repair	2,920	0	2,920
Insurance	1,200	4,420	5,620
Real Estate Tax	3,704	0	3,704
Utilities	4,991	0	4,991
Other	50	150	200
Equipment Repairs	0	10,385	10,385
Maintenance Contracts	0	24,067	24,067
Materials & Supplies	0	8,207	8,207
Inspection Fees	0	9,392	9,392
<i>Total Cash Disbursements</i>	<u>34,927</u>	<u>112,519</u>	<u>147,446</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,582)</u>	<u>6,688</u>	<u>(2,894)</u>
<i>Fund Cash Balances, January 1</i>	<u>244,756</u>	<u>263,965</u>	<u>508,721</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	0	270,653	270,653
Unassigned	235,174	0	235,174
<i>Fund Cash Balances, December 31</i>	<u><u>\$235,174</u></u>	<u><u>\$270,653</u></u>	<u><u>\$505,827</u></u>

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

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Sale of Water	\$20,000	\$0	\$20,000
Rental Building	9,930	0	9,930
Interest	788	441	1,229
Sale of Oil & Gas	48	0	48
Other	120	680	800
Assessments	0	82,141	82,141
Land Lease	0	40,485	40,485
Conservation Reserve Program	0	6,895	6,895
	<u>0</u>		<u>0</u>
<i>Total Cash Receipts</i>	<u>30,886</u>	<u>130,642</u>	<u>161,528</u>
<b>Cash Disbursements</b>			
Current:			
Payroll	14,558	32,446	47,004
Payroll Taxes	211	470	681
PERS	2,038	30,319	32,357
Director and Secretary Expense	1,006	1,258	2,264
Worker`s Compensation	185	558	743
Administrative Expenses & Supplies	2,439	0	2,439
Advertising	70	0	70
Legal	1,471	0	1,471
New Equipment	0	138	138
Building Maintenance & Repair	4,498	0	4,498
Insurance	5,539	0	5,539
Real Estate Tax	2,812	0	2,812
Utilities	3,884	0	3,884
Audit	1,382	1,382	2,764
Other	500	0	500
Equipment Repairs	0	5,733	5,733
Maintenance Contracts	0	4,075	4,075
Materials & Supplies	0	8,076	8,076
Inspection Fees	0	8,884	8,884
New Maintenance Building	0	40,625	40,625
	<u>40,593</u>	<u>133,964</u>	<u>174,557</u>
<i>Total Cash Disbursements</i>	<u>40,593</u>	<u>133,964</u>	<u>174,557</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(9,707)</u>	<u>(3,322)</u>	<u>(13,029)</u>
<i>Fund Cash Balances, January 1</i>	<u>254,463</u>	<u>267,287</u>	<u>521,750</u>
<b>Fund Cash Balances, December 31</b>			
Assigned	0	263,965	263,965
Unassigned	244,756	0	244,756
	<u>244,756</u>	<u>263,965</u>	<u>508,721</u>
<i>Fund Cash Balances, December 31</i>	<u>\$244,756</u>	<u>\$263,965</u>	<u>\$508,721</u>

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

**RUSHCREEK CONSERVANCY DISTRICT  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Rushcreek Conservancy District, Perry County, (the District) as a body corporate and politic. The District was organized under the provisions of the Ohio Rev. Code Section 6101.04. The governing board 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 provides conservation and flood control which covers parts of Fairfield, Hocking and Perry Counties.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Fund**

This fund accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

**RUSHCREEK CONSERVANCY DISTRICT  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (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.

**E. Budgetary Process**

The Ohio Revised Code requires the Board to budget annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level 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 cancelled and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into two classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

**RUSHCREEK CONSERVANCY DISTRICT  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**2. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**2. Equity in Pooled Deposits and Investments**

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2014	2013
Demand deposits	\$89,438	\$92,890
Certificates of deposit	416,389	415,831
Total deposits	\$505,827	\$508,721

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,445	\$25,345	(\$7,100)
Special Revenue	150,700	119,207	(31,493)
Total	\$183,145	\$144,552	(\$38,593)

**RUSHCREEK CONSERVANCY DISTRICT  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. Budgetary Activity (Continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,060	\$34,927	\$133
Special Revenue	159,750	112,519	47,231
Total	\$194,810	\$147,446	\$47,364

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,040	\$30,886	(\$3,154)
Special Revenue	175,900	130,642	(45,258)
Total	\$209,940	\$161,528	(\$48,412)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,466	\$40,593	(\$1,127)
Special Revenue	215,161	133,964	81,197
Total	\$254,627	\$174,557	\$80,070

**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 2014 and 2013, 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, 2014. During 2013, the District paid \$25,277 for previous contributions the District had not paid in accordance with Ohio Rev. Code Sections 145.47 and 145.48.

**5. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**RUSHCREEK CONSERVANCY DISTRICT  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. 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 Hocking County by February 14 with the remainder payable by July 18. Payments are due to Fairfield and Perry Counties by December 31 with the remainder payable by June 20.

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

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Rushcreek Conservancy District  
Perry County  
134 Mulberry Street  
Bremen, Ohio 43107

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Rushcreek Conservancy District, Perry County, Ohio (the District), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2015 wherein we noted the District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157  
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 10, 2015



# Dave Yost • Auditor of State

**RUSH CREEK 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  
DECEMBER 22, 2015**