



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY  
DECEMBER 31, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



PO Box 828  
Athens, Ohio 45701  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements as of and for the years ended December 31, 2020 and 2019, and related notes of Leading Creek Conservancy District, Meigs County, Ohio (the District).

### ***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 such 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 2 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, 2020 and 2019, and the respective 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 cash balances, receipts and disbursements as of and for the years ended December 31, 2020 and 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 9 to the December 31, 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 23, 2021

Leading Creek Conservancy District  
 Meigs County  
 Statement of Receipts, Disbursements and  
 Changes in Fund Balance (Regulatory Cash Basis)  
 For the Year Ended December 31, 2020

<b>Cash Receipts</b>	
Charges for Services	\$1,572,088
Tap Fees	30,400
Intergovernmental	786,232
Earnings on Investments	2,923
Miscellaneous	<u>33,723</u>
<i>Total Cash Receipts</i>	<u>2,425,366</u>
<b>Cash Disbursements</b>	
Current Disbursements:	
Conservation:	
Salaries	554,204
Fringe Benefits	377,421
Supplies and Materials	216,239
Equipment	42,552
Contracts - Repair	49,357
Contracts - Services	2,492
Utilities	129,172
General and Administrative	86,740
Other	3,962
Contractual Payments	5,458,674
Debt Service:	
Principal Retirement	1,441,607
Interest and Fiscal Charges	<u>6,278</u>
<i>Total Cash Disbursements</i>	<u>8,368,698</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>(5,943,332)</u>
<b>Other Financing Receipts</b>	
Loan Proceeds	6,049,515
<i>Total Other Financing Receipts</i>	<u>6,049,515</u>
<i>Net Change in Fund Cash Balances</i>	106,183
<i>Fund Cash Balances, January 1</i>	<u>1,488,342</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,594,525</u></u>

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

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**Leading Creek Conservancy District, Ohio**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Leading Creek Conservancy District (the District), Meigs County, as a body corporate and politic. A three member Board of Directors directs the District. The Directors are appointed by the Court of Common Pleas in accordance with Ohio Rev. Code § 6101.10 to serve a term of five years.

The District’s management believes this financial statement presents all activities for which the District is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The District’s financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Basis of Accounting***

The financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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).

The statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires the Board to budget annually.

***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.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

**Leading Creek Conservancy District**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020, follows:

2020 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$8,562,149	\$8,474,881	\$87,268

  

2020 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$8,558,139	\$8,368,698	\$189,441

**Note 4 – Deposits**

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

Demand deposits	2020 \$937,210
Certificates of deposit	657,315
Total deposits	1,594,525

**Leading Creek Conservancy District**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 4 – Deposits (Continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 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.

**Note 6 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

The District 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. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

**Note 7 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent during calendar year 2020.

**Leading Creek Conservancy District**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 8 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
OWDA #3186	69,837	6.13%
OWDA #3774	56,544	2.00%
OWDA #8738	5,263,283	0.00%
VCNB #200466622	16,881	3.00%
Total	\$5,406,545	

The District entered into loan 3186 with the Ohio Water Development Authority (OWDA) to finance the construction of the water system. The loan was issued in 2001 for \$228,655 and final payment due in 2025.

The District entered into loan 3774 with the Ohio Water Development Authority (OWDA) to finance the construction of the water system. The loan was issued in 2004 for \$159,849 and the final payment due in 2028.

The District entered into a loan with the Vinton County National Bank to purchase two trucks. The loan was issued in December 2018 for \$50,730 and the final payment due in 2021.

The District entered into loan 7067 with Ohio Water Development Authority (OWDA) to finance the design of the 10 mile raw waterline replacement project. The loan was issued in 2017 for \$646,596, the outstanding balance of \$590,840 was combined with new loan 8738 issued in February 2020 with first payment being due in July 2021. Amortization schedule for loan 8738 is not completed at this time.

The District entered into loan (8738) with the Ohio Water Development Authority (OWDA) to finance the construction of the 10.5 mile 14-inch raw water line replacement. The loan was issued in 2019 and final amortization schedule will be available after project is complete.

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

Year Ending December 31:	OWDA #3186	OWDA #3774	VCNB #200466622
2021	\$8,253	\$4,078	\$18,683
2022	16,727	8,156	0
2023	17,038	8,156	0
2024	17,367	8,156	0
2025	17,718	8,156	0
2026-2028	0	24,468	0
Total	\$77,103	\$61,171	\$18,683

**Leading Creek Conservancy District**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 9 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Leading Creek Conservancy District  
 Meigs County  
 Statement of Receipts, Disbursements and  
 Changes in Fund Balance (Regulatory Cash Basis)  
 For the Year Ended December 31, 2019

<b>Cash Receipts</b>	
Charges for Services	\$1,556,829
Tap Fees	24,800
Earnings on Investments	3,994
Miscellaneous	<u>29,717</u>
<i>Total Cash Receipts</i>	<u>1,615,340</u>
<b>Cash Disbursements</b>	
Current Disbursements:	
Conservation:	
Salaries	475,093
Fringe Benefits	353,044
Supplies and Materials	230,537
Equipment	54,696
Contracts - Repair	94,866
Contracts - Services	3,403
Utilities	143,303
General and Administrative	83,107
Other	2,913
Contractual Payments	159,673
Debt Service:	
Principal Retirement	105,580
Interest and Fiscal Charges	<u>8,652</u>
<i>Total Cash Disbursements</i>	<u>1,714,867</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>(99,527)</u>
<b>Other Financing Receipts</b>	
Loan Proceeds	159,653
<i>Total Other Financing Receipts</i>	<u>159,653</u>
<i>Net Change in Fund Cash Balances</i>	60,126
<i>Fund Cash Balances, January 1</i>	<u>1,428,216</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,488,342</u></u>

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

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**Leading Creek Conservancy District, Ohio**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Leading Creek Conservancy District (the District), Meigs County, as a body corporate and politic. A three member Board of Directors directs the District. The Directors are appointed by the Court of Common Pleas in accordance with Ohio Rev. Code § 6101.10 to serve a term of five years.

The District’s management believes this financial statement presents all activities for which the District is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The District’s financial statement consists of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

***Basis of Accounting***

The financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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).

The statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires the Board to budget annually.

***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.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

**Leading Creek Conservancy District**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019, follows:

2019 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,791,548	\$1,774,993	\$16,555

  

2019 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,790,439	\$1,714,867	\$75,572

**Note 4 – Deposits**

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

Demand deposits	2019 \$833,941
Certificates of deposit	654,401
Total deposits	1,488,342

**Leading Creek Conservancy District**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 4 – Deposits (Continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 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.

**Note 6 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

The District 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. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

**Note 7 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent during calendar year 2019.

**Leading Creek Conservancy District**  
*Meigs County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Note 8 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
OWDA #2035	26,602	6.36%
OWDA #3186	82,944	6.13%
OWDA #3774	63,466	2.00%
OWDA #7607	591,546	3.48%
VCNB #200466622	34,744	3.00%
Total	\$799,302	

The District entered into loan 2035 with the Ohio Water Development Authority (OWDA) to finance the construction of the water system. The loan was issued in 1996 for \$349,522, with final payment due in 2021.

The District entered into loan 3186 with the Ohio Water Development Authority (OWDA) to finance the construction of the water system. The loan was issued in 2001 for \$228,655 and final payment due in 2025.

The District entered into loan 3774 with the Ohio Water Development Authority (OWDA) to finance the construction of the water system. The loan was issued in 2004 for \$159,849 and the final payment due in 2028.

The District entered into a loan with the Vinton County National Bank to purchase two trucks. The loan was issued in December 2018 for \$50,730 and the final payment due in 2021.

The District entered into loan 7067 with Ohio Water Development Authority (OWDA) to finance the design of the 10 mile raw waterline replacement project. The loan was issued in 2017 for \$646,596, with payments only to the principal until total loan money is issued.

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

Year Ending	VCNB			
December 31:	OWDA #2035	OWDA #3186	OWDA #3774	#200466622
2020	\$27,656	\$8,113	\$4,078	\$15,586
2021	0	16,435	8,156	18,683
2022	0	16,727	8,156	0
2023	0	17,038	8,156	0
2024	0	17,367	8,156	0
2025-2029	0	17,717	32,627	0
Total	\$27,656	\$93,397	\$69,329	\$34,269

# OHIO AUDITOR OF STATE KEITH FABER



PO Box 828  
Athens, Ohio 45701  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

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

To the Board of Trustees:

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 the cash balances, receipts, and disbursements as of and for the years ended December 31, 2020 and 2019, and related notes of Leading Creek Conservancy District, Meigs County, Ohio (the District), and have issued our report thereon dated November 23, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

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

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-001 and 2020-002 to be material weaknesses.

***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 financial statements. 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*.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 23, 2021

**LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the District and the appropriation ledger provides the process by which the District controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the District and the receipts ledger provides the process by which the District controls what is available, it is therefore necessary the amounts estimated by the District are posted accurately to the receipts ledger.

At December 31, 2020, approved appropriations did not agree to the adjusted trial balance report in the amount of \$3,969.

Estimated receipts and appropriations were understated \$6,835,747, and \$6,831,778, respectively, in the notes to the financial statements at December 31, 2020. Also, estimated receipts and appropriations were understated \$177,050, and \$177,051, respectively, in the notes to the financial statements at December 31, 2019.

The District did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Board were not properly posted to the accounting system. Additionally, the approved estimated receipts (and/or amendments thereof) were not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the District should post to the ledgers, on a timely basis, estimated resources and appropriations approved by the Board. The District should then monitor budget versus actual reports to help ensure amended estimated receipts and appropriations have been properly posted to the ledgers.

LEADING CREEK CONSERVANCY DISTRICT  
MEIGS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)

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

FINDING NUMBER 2020-002

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted in the financial statements that required audit adjustment:

In 2020:

- Loan proceeds receipts of \$681,575, contractual payment disbursements of \$90,734, and debt service principal retirement disbursements of 590,841 were unrecorded; and
- Intergovernmental receipts and debt service principal retirement disbursements of \$786,232 were unrecorded.

The Secretary/Treasurer did not include all on behalf of activity for the District's OWDA loans in 2020. This resulted in the errors noted above.

The audited financial statements have been adjusted for the items noted above.

The Secretary/Treasurer should review OWDA loan activity to ensure all activity is reflected on the financial statements.

**Officials' Response:** We did not receive a response from Officials to these findings.



# OHIO AUDITOR OF STATE KEITH FABER



**LEADING CREEK CONSERVANCY DISTRICT**

**MEIGS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 12/7/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)