

**MILLCREEK VALLEY
CONSERVANCY DISTRICT
FINANCIAL STATEMENTS**

December 31, 2007



Mary Taylor, CPA

Auditor of State

Board of Directors
Millcreek Valley Conservancy District
10900 Reading Road
Sharonville, Ohio 45241

We have reviewed the *Report of Independent Accountants* of the Millcreek Valley Conservancy District, Hamilton County, prepared by Joseph Decosimo and Company, LLC, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 7, 2009

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MILLCREEK VALLEY CONSERVANCY DISTRICT

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Millcreek Valley Conservancy District
Cincinnati, Ohio

We have audited the accompanying financial statements of Millcreek Valley Conservancy District of Hamilton County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006. 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 audits.

We conducted our audits 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 audits 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

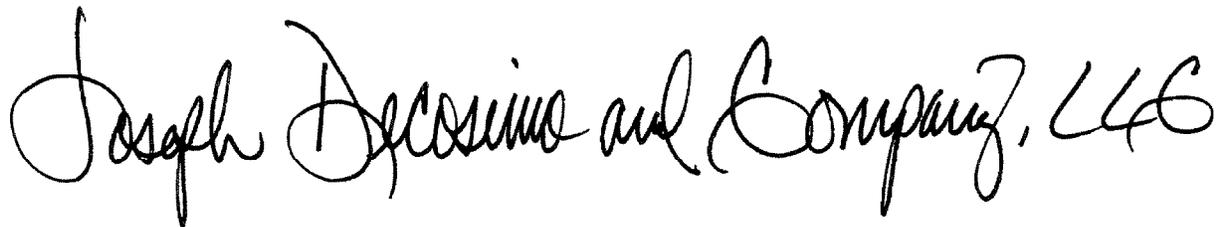
Revisions to generally accepted accounting principles would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the District does not follow generally accepted accounting principles, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new generally accepted accounting principles presentation requirements. The Ohio Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statement. Since the District does not use generally accepted accounting principles to measure financial statement amounts, the following paragraph does not imply that the amounts reported are materially misstated under the accounting basis the Ohio Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-generally accepted accounting principles basis is in the second following paragraph.

In our opinion, because of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of December 31, 2007 and 2006, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1 to the financial statements.

The aforementioned revisions to generally accepted accounting principles also require the District to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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 assessing the results of our audits.

A handwritten signature in black ink that reads "Joseph Decosimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
April 24, 2009

MILLCREEK VALLEY CONSERVANCY DISTRICT
STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGE IN FUND CASH BALANCES

Years Ended December 31, 2007 and 2006

	2007	2006
CASH RECEIPTS		
Rent	\$ 3,300	\$ 5,475
Intergovernmental	100,000	20,000
Interest	11,228	11,720
Other	-	2,365
	<u>114,528</u>	<u>39,560</u>
CASH DISBURSEMENTS		
Salaries	-	67,285
Legal	53,384	34,272
Repair and maintenance	-	32,059
Insurance	26,661	27,290
Accounting and auditing	-	10,700
Unemployment compensation	-	9,866
Rent	1,163	9,784
Public employees retirement systems	-	9,648
Fringe benefits	-	7,165
Early warning system	3,091	3,235
Telephone	-	2,342
Workers compensation	16	70
Office supplies	-	130
Travel and training	-	22
Bank service charges	336	49
Property taxes	1,425	1,341
	<u>86,076</u>	<u>215,258</u>
TOTAL CASH RECEIPTS OVER (UNDER) CASH DISBURSEMENTS	28,452	(175,698)
CASH AND INVESTMENTS - January 1	<u>207,983</u>	<u>383,681</u>
CASH AND INVESTMENTS - December 31	<u>\$ 236,435</u>	<u>\$ 207,983</u>
RESERVE FOR ENCUMBRANCES - December 31	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

MILLCREEK VALLEY CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and practices followed by the District are as follows:

DESCRIPTION - The Millcreek Valley Conservancy District, Hamilton County, Ohio (the District), is a body corporate and politic interest established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board appointed by the Court of Common Pleas. The District provides conservation and flood control to the Millcreek Valley area.

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

BASIS OF ACCOUNTING - These financial statements follow the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

CASH AND INVESTMENTS - Investments are comprised of certificates of deposit. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

BUDGETARY PROCESS - The Ohio Revised Code requires the District to budget annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Appropriation Authority includes current year appropriates plus encumbrances carried over from the prior year, if any. The Board of Directors 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) as of January 1.

Encumbrances - The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. The District had no material encumbrances as of December 31, 2007 and 2006.

PROPERTY, PLANT AND EQUIPMENT - Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements. There were no acquisitions or capital outlay disbursements for the years ended December 31, 2007 and 2006.

MILLCREEK VALLEY CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of cash and investments as of December 31 are as follows:

	2007	2006
Demand deposits	\$ 21,435	\$ 26,113
Certificates of deposits, maturing within ninety days	<u>215,000</u>	<u>181,870</u>
	<u>\$ 236,435</u>	<u>\$ 207,983</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006, is as follows:

2007 Budgeted Resources vs. Actual Resources

<u>Budgeted Resources</u>	<u>Actual Resources</u>	<u>Variance</u>
<u>\$285,703</u>	<u>\$322,511</u>	<u>\$36,808</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$207,983</u>	<u>\$86,076</u>	<u>\$121,907</u>

2006 Budgeted Resources vs. Actual Resources

<u>Budgeted Resources</u>	<u>Actual Resources</u>	<u>Variance</u>
<u>\$393,681</u>	<u>\$423,241</u>	<u>\$29,560</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$383,681</u>	<u>\$215,258</u>	<u>\$168,423</u>

MILLCREEK VALLEY CONSERVANCY DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - RETIREMENT SYSTEMS

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The District did not have any employees in 2007.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006, PERS member employees contributed 9% of their gross salaries. The District contributed an amount equal to 13.70% of participants' gross salaries through December 31, 2006. The District has paid all required contributions to PERS.

NOTE 5 - RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

INTERNAL CONTROL AND COMPLIANCE

**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
Millcreek Valley Conservancy District
Cincinnati, Ohio

We have audited the financial statements of Millcreek Valley Conservancy District (the District) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 24, 2009, wherein we noted that the District prepared its financial statements using accounting principles the Ohio Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits 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 audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting practices prescribed or permitted by the Ohio Auditor of State such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

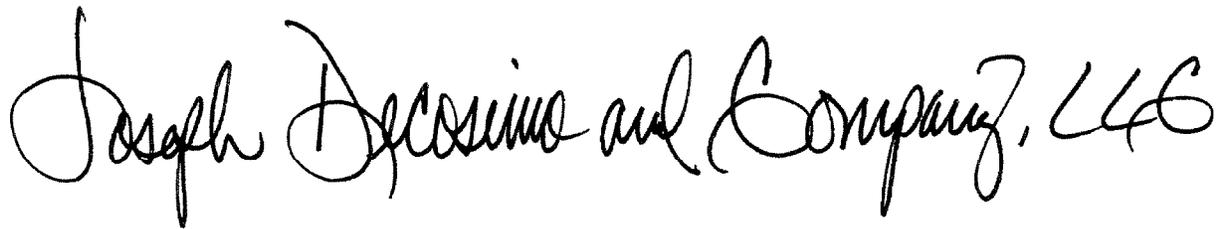
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be 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 management and the Board of Directors of Millcreek Valley Conservancy District, and is not intended to be and should not be used by anyone other than these specified parties.

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Cincinnati, Ohio
April 24, 2009

MILLCREEK VALLEY CONSERVANCY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

No matters to be reported as of December 31, 2007 and 2006.

MILLCREEK VALLEY CONSERVANCY DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS

No matters to be reported as of December 31, 2007 and 2006.



Mary Taylor, CPA
Auditor of State

MILLCREEK VALLEY CONSERVANCY DISTRICT
HAMILTON 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
MAY 19, 2009