



**MILLCREEK VALLEY CONSERVANCY DISTRICT
HAMILTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MILLCREEK VALLEY CONSERVANCY DISTRICT
HAMILTON COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Millcreek Valley Conservancy District
Hamilton County
105 E. Fourth Street, Suite 1104-B
Cincinnati, Ohio 45202

To the Board of Directors:

We have audited the accompanying financial statements of the Millcreek Valley Conservancy District, Hamilton County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999. 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.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the District as of December 31, 2000 and 1999, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Directors and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

September 17, 2001

**MILLCREEK VALLEY CONSERVANCY DISTRICT
HAMILTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Cash Receipts:		
Rent	\$11,859	\$7,950
Intergovernmental	378,000	128,577
Interest	51,267	46,445
Total Cash Receipts	441,126	182,972
Cash Disbursements:		
Salaries	221,065	199,040
Fring benefits - hospitalization	13,374	11,234
Supplies and Materials	4,841	6,951
Repairs and Maintenance	21,612	0
PERS	21,430	26,968
Workers' Compensation	1,431	942
Professional services:		
Legal	76,336	46,676
Accounting & auditing	6,710	6,229
Bank services charges	619	769
Rent	14,212	15,528
Telephone	4,014	3,284
Insurance	14,431	14,689
Tree Assessment	856	855
Travel & training	4,545	2,184
CSX court judgement	181,485	0
Consultants/appraisals	70,750	51,400
Millcreek Watershed Council	7,000	0
Miscellaneous	4,515	1,395
Total Cash Disbursements	669,226	388,144
Total Cash Receipts Over/(Under) Cash Disbursements	(228,100)	(205,172)
Cash Balance, January 1	904,159	1,109,331
Cash Balance, December 31	\$676,059	\$904,159

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

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**MILLCREEK VALLEY CONSERVANCY DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Millcreek Valley Conservancy District, Hamilton County, Ohio (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District 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.

B. Basis of Accounting

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

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

C. Cash and Investments

U.S. Treasury Notes are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts; except gains or losses at the time of sale, are recorded as receipts or disbursements, respectively.

D. Budgetary Process

Recent changes to the Ohio Revised Code require the District to adopt an annual budget commencing in 2000.

1. 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 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. Budgetary expenditures exceeded appropriations by \$140,226 for 2000.

2. Estimated Resources

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

**MILLCREEK VALLEY CONSERVANCY DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. The District did not use the encumbrance method of accounting. However, the District had no material outstanding encumbrances at December 31, 2000 and 1999.

A summary of 2000 budgetary activity appears in Note 3.

2. CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$92,853	\$78,447
	<hr/>	<hr/>
Total deposits	92,853	78,447
U.S. Treasury Notes	583,206	825,712
	<hr/>	<hr/>
Total investments	583,206	825,712
Total deposits and investments	<u>\$676,059</u>	<u>\$904,159</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the District's financial institution. The financial institution maintains records identifying the District as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
<u>\$0</u>	<u>\$441,126</u>	<u>\$441,126</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
<u>\$529,000</u>	<u>\$669,226</u>	<u>(\$140,226)</u>

**MILLCREEK VALLEY CONSERVANCY DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 10.84% in 2000 and 13.55% in 1999 of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

6. CLAIMS SETTLEMENT

The 2000 financial statements include \$186,000 disbursed to settle a court judgment with CSX. In 2001, the District was reimbursed \$186,000 from the Ohio Department of Natural Resources. The District has no additional liability in this matter.

7. OTHER SIGNIFICANT EVENTS

In the previous six years, the District's cash balances have been declining. In 2000, 1999, 1998, 1997, 1996, and 1995, the District has had expenditures exceeding revenues for the following amounts, respectively: \$228,100, \$205,172; \$182,913; \$219,888; \$185,731; \$188,889.

In 1998, Congress approved legislation allowing the Corp of Engineers and Millcreek Valley Conservancy District to continue the revaluation project that has been on hold for the past few years. The revaluation study has been completed, however, they are still waiting on approval for the project. Management feels that this project will move forward, and are planning to apply for funding from various state departments once the plans are finalized.

Should State funding not be approved to continue the project, the District plans to fund the project in the following manner:

- Maintenance (and operations) will be funded by annual contributions from benefitted communities.
- State funding will be sought out for capital cost, and other state funding opportunities will be pursued.

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Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Millcreek Valley Conservancy District
Hamilton County
105 E. Fourth Street, Suite 1104-B
Cincinnati, Ohio 45202

To the Board of Directors:

We have audited the financial statements of the Millcreek Valley Conservancy District, Hamilton County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 17, 2001. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-20431-001 and 2000-20431-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Millcreek Valley Conservancy District in a separate letter dated September 17, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated September 17, 2001.

Millcreek Valley Conservancy District
Hamilton County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

September 17, 2001

MILLCREEK VALLEY CONSERVANCY DISTRICT
HAMILTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

Finding Number 2000-20431-001

Ohio Rev. Code, §5705.41 (B), states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. The District's expenditures exceeded its appropriation in total for 2000. The appropriations were \$529,000, and the total expenditures were \$669,226.

Finding Number 2000-20431-002

Ohio Rev. Code, §5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Directors may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Directors, if such expenditure is otherwise valid.

The District did not use any type of certification by the fiscal officer during the audit period.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
NOVEMBER 27, 2001**