

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

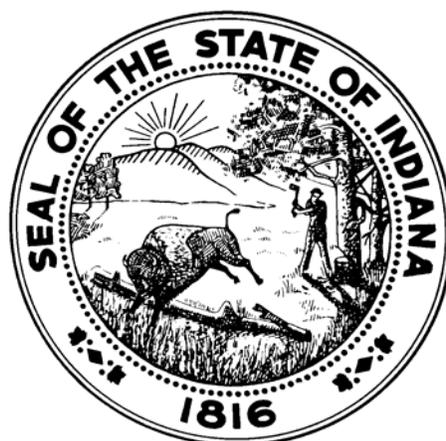
EXAMINATION REPORT

OF

CORDRY SWEETWATER CONSERVANCY DISTRICT

BROWN COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/21/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Manager	Richard K. White Vacant	01-01-04 to 03-31-05 04-01-05 to 12-31-05
Financial Clerk	Martha J. Anderson	01-01-04 to 12-31-06
President of the Board	Timothy Dearth Norman Noe Tom Daseler	01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CORDRY SWEETWATER
CONSERVANCY DISTRICT, BROWN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Cordry Sweetwater Conservancy District (District), for the period of January 1, 2004 to December 31, 2005. The District's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 17, 2006

CORDRY SWEETWATER CONSERVANCY DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 150,006	\$ 916,665	\$ 989,086	\$ 77,585
Roads	127,707	75,253	181,693	21,267
Holding Tanks	12,751	62	1,544	11,269
Totals	<u>\$ 290,464</u>	<u>\$ 991,980</u>	<u>\$ 1,172,323</u>	<u>\$ 110,121</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 77,585	\$ 922,598	\$ 858,198	\$ 141,985
Roads	21,267	40,762	55,216	6,813
Holding Tanks	11,269	380	-	11,649
Totals	<u>\$ 110,121</u>	<u>\$ 963,740</u>	<u>\$ 913,414</u>	<u>\$ 160,447</u>

The accompanying notes are an integral part of the schedules.

CORDRY SWEETWATER CONSERVANCY DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: public safety, culture and recreation, water, and general administrative services.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. Brown County is behind in billing and collecting taxes due to reassessment problems. Taxes for 2002 payable in 2003 were not settled until 2005. Taxes for 2003 payable in 2004 had not been settled as of December 31, 2005.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CORDRY SWEETWATER CONSERVANCY DISTRICT
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The District has entered into various debts such as revenue bonds for Water Utility construction and renovation and a line of credit for day to day operations because of the delay in tax distributions. The outstanding principal at December 31, 2005, was \$292,000 and \$836,183, respectively.

Note 8. Water Utility

The Water Utility of the Cordry Sweetwater Conservancy District is audited by an Independent Public Accountant. The financial activity of the utility is not included in this report. The Independent Accountant Report is available at the District Office.

CORDRY SWEETWATER CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSETS

Information presented for audit did not indicate a capital asset policy or record of capital assets using Form 369.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer during the examination period.

Indiana Code 6-1.1-22-14(a) states in part: "on or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

CORDRY SWEETWATER CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2006, with Martha J. Anderson, Financial Clerk.