

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
WHITE OAK CONSERVANCY DISTRICT  
PORTER COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
12/04/2008



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt .....	7
Examination Results and Comments:	
Official Bond .....	8
Prescribed Forms .....	8
Optical Images of Warrants .....	8-9
Accounting for Investments .....	9
Contracts .....	9
Delinquent Wastewater Accounts.....	9-10
Exit Conference.....	11

OFFICIALS

Office

Official

Term

Financial Clerk

Betty Feldt

01-01-06 to 12-31-08

Chairman of the  
Board of Directors

John Hack

01-01-06 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WHITE OAK CONSERVANCY DISTRICT, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of the White Oak Conservancy District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 24, 2008

WHITE OAK CONSERVANCY DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Fund:				
General	\$ 38,263	\$ 17,857	\$ 1,700	\$ 54,420
Proprietary Funds:				
Water Operating	36,054	45,606	65,548	16,112
Wastewater Operating	<u>330,014</u>	<u>145,319</u>	<u>130,174</u>	<u>345,159</u>
Totals	<u>\$ 404,331</u>	<u>\$ 208,782</u>	<u>\$ 197,422</u>	<u>\$ 415,691</u>

	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Fund:				
General	\$ 54,420	\$ 11,613	\$ 50,225	\$ 15,808
Proprietary Funds:				
Water Operating	16,112	49,000	64,925	187
Wastewater Operating	<u>345,159</u>	<u>169,194</u>	<u>142,014</u>	<u>372,339</u>
Totals	<u>\$ 415,691</u>	<u>\$ 229,807</u>	<u>\$ 257,164</u>	<u>\$ 388,334</u>

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

WHITE OAK CONSERVANCY DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides for the distribution of potable water and the collection and treatment of sewage and other liquid waste.

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 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.

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.

Note 6. Interfund Transfers

The District made a \$49,000 interfund transfer from the General Fund to the Water Operating Fund for the year ended December 31, 2007. The interfund transfer was made to provide funds for the payment of principal and interest on revenue bonds.

WHITE OAK CONSERVANCY DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2007

Capital assets are reported at actual cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Proprietary Funds:	
Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ <u>2,321,168</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	2,327,998
Machinery and equipment	<u>577</u>
Total Wastewater Utility capital assets	<u>2,328,575</u>
Total Proprietary Funds capital assets	<u>\$ <u>4,649,743</u></u>

WHITE OAK CONSERVANCY DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Water Utility:		
Revenue bonds:		
Waterworks Revenue Bond of 2002, Series A	\$ 894,000	\$ 52,230
Waterworks Revenue Bond of 2003	<u>237,000</u>	<u>13,073</u>
Total Water Utility	<u>\$ 1,131,000</u>	<u>\$ 65,303</u>

WHITE OAK CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

As stated in the prior report, the Financial Clerk's official bond was not filed in the Office of the County Recorder as required.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

PRESCRIBED FORMS

As stated in the prior report, the following prescribed or approved general and utility forms were not in use:

313C	Register of Daily Cash Receipts - Consumers Water and Sewage Utility Combined
319	Simplified Cash Journal Water Utility - (Class C)
322	Consumer's Ledger - Municipal Water and Sewage Utility Combined
323	Simplified Cash Journal - Municipal Sewage Utility
350	Register of Investments
352	Receipt
353	Check
354	Claim
358	Ledger of Receipts, Disbursements and Balances
359	Ledger of Appropriations, Encumbrances, Disbursements and Balances

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . "original records" . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

WHITE OAK CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

ACCOUNTING FOR INVESTMENTS

As stated in the prior report, the District invested in Certificates of Deposit. These investments were not entered on Prescribed Form 350, Register of Investments. Purchases and sales of investments were not posted to the ledgers. In addition, we noted that interest earned on investments was automatically added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CONTRACTS

Payments totaling \$68,209 and \$78,626 were made in 2006 and 2007, respectively, for legal services, engineering services, accounting services and maintenance of the wastewater collection system. No contracts for these services were presented for examination.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

DELINQUENT WASTEWATER ACCOUNTS

As stated in prior reports, the district did not comply with state statutes concerning delinquent wastewater accounts. Fees and penalties due and unpaid for at least ninety days had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

WHITE OAK CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 14-33-5-21(b) states in part:

"(b) In the same manner as provided by Indiana Code 36-9-23, the rates or charges made, assessed, or established by the district are a lien on a lot, parcel of land, or building that is connected with or uses the works by or through any part of the sewage system of the district. The liens:

- (1) Attach;
- (2) Are recorded;
- (3) Are subject to the same penalties, interest, and reasonable attorney's fees on recovery; and
- (4) Shall be collected and enforced; in substantially the same manner as provided in Indiana Code 36-9-23-31 through Indiana Code 36-9-23-32."

WHITE OAK CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 24, 2008, with Betty Feldt, Financial Clerk; and David Hollenbeck, District Attorney.