

B36935

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

EXAMINATION REPORT
OF
ILLIANA-BRUNSWICK CONSERVANCY DISTRICT
LAKE COUNTY, INDIANA
January 1, 2004 to August 31, 2009



FILED
05/13/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Paul Kleine	07-01-02 to 08-24-05
	Don Dust	08-24-05 to 09-29-05
	Michael Roth	09-29-05 to 12-31-10
Treasurer	Don Dust	12-01-04 to 09-25-05
	Scott Garmany	03-01-06 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF ILLIANA-BRUNSWICK CONSERVANCY
DISTRICT, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of Illiana-Brunswick Conservancy District (District), for the period of January 1, 2004 to December 31, 2009. 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 present fairly, in all material respects, the financial information of the District for the years ended December 31, 2004, 2005, 2006, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 6, 2010

ILLIANA-BRUNSWICK 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, 2005, 2006 , 2007, 2008, and 2009

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Fund: General	\$ -	\$ 20,001	\$ 119	\$ 19,882
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Fund: General	\$ 19,882	\$ 3,078	\$ 17,478	\$ 5,482
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Fund: General	\$ 5,482	\$ 13,166	\$ 13,688	\$ 4,960
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Fund: General	\$ 4,960	\$ 2,399	\$ 4,398	\$ 2,961
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Fund: General	\$ 2,961	\$ 13,051	\$ 15,562	\$ 450
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Fund: General	\$ 450	\$ 13,348	\$ 7,273	\$ 6,525

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

ILLIANA-BRUNSWICK CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides 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 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.

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. Dissolution of the District

The District had been created by court order in 2001 to improve drainage and the purpose of flood prevention and control. Due to prohibitive costs to address the issues which created the District, the District petitioned the Courts to be dissolved. On March 20, 2008, the Court ordered the District to be dissolved upon payment of all its outstanding financial obligations. Outstanding financial obligations were not paid until 2009, due to the delay in the distribution of tax collections by Lake County.

ILLIANA-BRUNSWICK CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed or approved forms were not in use: Receipt (Form 352), Check (Form 353), Ledger of Receipts, Disbursements and Balances (Form 358), Ledger of Appropriations, Encumbrances, Disbursements and Balances (Form 359), Claim (General Expense) (Form 354), Accounts Payable Voucher Register (Form 364).

No receipts were issued for amounts received by the Conservancy District. A check register was used to track receipts, disbursements, and cash balances. Since ledgers were not in use, disbursements were not tracked against appropriations. Disbursements did not comply with IC 5-11-10-1.6, since the claim form and the Accounts Payable Voucher Register were not in use.

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)

OFFICIAL BOND

The fiscal officers of the Conservancy District did not obtain an official bond as required.

A financial clerk shall execute a surety bond in the manner prescribed by IC 5-4-1. [IC 14-33-5-18(b)] (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ILLIANA-BRUNSWICK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2010, with Scott Garmany, Treasurer. The official response has been made a part of this report and may be found on page 8.

“OFFICIAL RESPONSE”

3/16/2010

State Board of Accounts
Attn: Bruce Hartman
302 West Washington St.
Room E 418
Indianapolis, IN 46204-2765

Re: Illiana-Brunswick Conservancy District
1/1/04-12/31/09

PRESCRIBED FORMS In response to using the wrong forms: We had no knowledge of the fact that we were using the wrong forms. We assumed our attorney, David Hollenbeck, who has been a conservancy district attorney for many, many years, would have set up or informed us of the proper documentation of what we were supposed to be using. We were also given no information from our accountant, Carl Cender, about the availability of such forms. When we took over as board members we were only given the following: a check book ledger and a couple boxes of unorganized papers given to us by the previous board which were also the same people that established the district.

OFFICIAL BOND In response to not obtaining an official bond: We were never informed that we needed to be bonded. We assumed the previous board members upon the district's establishment, 4 years prior to us being voted in, would have constructed the district plan as specified by the state. We entrusted our attorney and accountant (who we paid approximately 80 to 90% of all our finances) to make sure we were conducting our business records, etc. in a legal manner.

Respectfully,
Mike Roth, Chairman
Scott Garmany, Treasurer