

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

EXAMINATION REPORT  
OF  
TRI-COUNTY CONSERVANCY DISTRICT  
MORGAN COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
01/10/2011



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OFFICIALS

Office

Official

Term

Financial Clerk

David K. Pasotti

01-01-08 to 12-31-10

President of the Board of Directors

Tim Shrout

01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TRI-COUNTY CONSERVANCY  
DISTRICT, MORGAN COUNTY, INDIANA

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

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the schedule.

STATE BOARD OF ACCOUNTS

November 18, 2010

TRI-COUNTY CONSERVANCY DISTRICT  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL PROPRIETARY FUND TYPES  
 As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Water Utility - Operating	\$ 7,361	\$ 315,195	\$ 299,853	\$ 22,703
Wastewater Utility - Operating	<u>673,849</u>	<u>2,002,368</u>	<u>1,855,365</u>	<u>820,852</u>
Totals	<u>\$ 681,210</u>	<u>\$ 2,317,563</u>	<u>\$ 2,155,218</u>	<u>\$ 843,555</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Proprietary Funds:				
Water Utility - Operating	\$ 22,703	\$ 361,994	\$ 314,302	\$ 70,395
Wastewater Utility - Operating	<u>820,852</u>	<u>1,488,323</u>	<u>1,625,454</u>	<u>683,721</u>
Totals	<u>\$ 843,555</u>	<u>\$ 1,850,317</u>	<u>\$ 1,939,756</u>	<u>\$ 754,116</u>

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

TRI-COUNTY CONSERVANCY DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: public safety, health and social services, culture and recreation, 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. Exceptional Benefit Assessments

Exceptional benefit assessments are levied on the following subdivisions within the Conservancy District commonly known as Heartland Crossing: The Settlement, Section 1; The Sanctuary, Sections 1 and 2; The Villas, Sections 1 and 2; The Landings, Sections 1 and 2; and The Mission, Sections 1 and 2. The assessment was for \$2,300 per lot plus interest at the rate of 7.5% payable in equal annual amounts of \$222.50 per lot per year for 20 years beginning in 1998. Exceptional benefits assessments levied are collected by the Morgan County Treasurer and are distributed to the Conservancy District in June and December. Assessments 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. Subsequent Event

The District issued Special Program Bonds series 2010 refunding bonds. The 2010 bonds were issued for \$11,795,000 and were used to refund the 2008 refunding bonds.

TRI-COUNTY CONSERVANCY DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Bonds payable:		
Refunding revenue bonds	\$ 10,500,000	\$ 264,394

TRI-COUNTY CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

There was no salary ordinance approved for the district employees.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 14)

CONTRACTS

The District receives professional legal and engineering services but does not have formal written contracts with the professionals.

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)

TRI-COUNTY CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2010, with David Smith, Vice-President of the Board of Directors; David K. Pasotti, Financial Clerk; and Rebecca DeVoe Brown, District Accountant. The officials concurred with our findings.