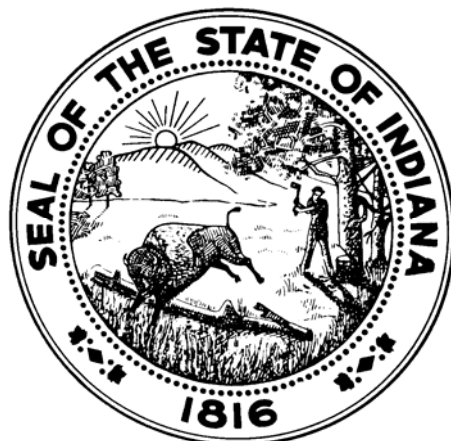


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
MILL CREEK CONSERVANCY DISTRICT
FULTON COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
7/19/06

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OFFICIALS

Office

Official

Term

Financial Clerk

Janice Koch

01-01-03 to 12-31-06

President of the Board

Jerry L. Brown

01-01-03 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MILL CREEK CONSERVANCY DISTRICT, FULTON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Mill Creek Conservancy District (District), for the period of January 1, 2003 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, 2003, 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

June 5, 2006

MILL CREEK CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUND TYPE
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
General	<u>\$ 35,620</u>	<u>\$ 123</u>	<u>\$ 23,060</u>	<u>\$ 12,683</u>
	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
General	<u>\$ 12,683</u>	<u>\$ 67,762</u>	<u>\$ 27,822</u>	<u>\$ 52,623</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
General	<u>\$ 52,623</u>	<u>\$ 28,370</u>	<u>\$ 46,638</u>	<u>\$ 34,355</u>

The accompanying notes are an integral part of the schedules.

MILL CREEK CONSERVANCY DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides flood and drainage control to a rural area in Fulton County.

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.

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. Long-Term Debt

The District has entered into an FmHA loan. The outstanding principal at December 31, 2005, was \$35,746.

MILL CREEK CONSERVANCY DISTRICT
EXAMINATION RESULT AND COMMENT

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Operating	2005	<u>\$ 7,897</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

MILL CREEK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2006, with Janice Koch, Financial Clerk; and Jerry L. Brown, President of the Board. The officials concurred with our finding.