

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

EXAMINATION REPORT
OF
WHITE OAK CONSERVANCY DISTRICT
PORTER COUNTY, INDIANA
January 1, 2001 to December 31, 2005



FILED
08/23/2006

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OFFICIALS

Office

Official

Term

Financial Clerk

Betty Feldt

01-01-01 to 12-31-06

Chairman of the Board of Directors

Floyd Naillieux
John Hack

01-01-01 to 12-31-02
01-01-03 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the White Oak Conservancy District (District), for the period of January 1, 2001 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, 2001, 2002, 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

July 19, 2006

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, 2001, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-01	Receipts	Disbursements	Cash and Investments 12-31-01
Governmental Fund:				
General	\$ 47,472	\$ 45,987	\$ 40,244	\$ 53,215
Proprietary Fund:				
Sewage Operating	185,847	105,454	69,634	221,667
Totals	<u>\$ 233,319</u>	<u>\$ 151,441</u>	<u>\$ 109,878</u>	<u>\$ 274,882</u>

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Fund:				
General	\$ 53,215	\$ 28,272	\$ 38,722	\$ 42,765
Proprietary Funds:				
Sewage Operating	221,667	119,243	71,165	269,745
Water Operating	-	1,077,008	1,076,968	40
Totals	<u>\$ 274,882</u>	<u>\$ 1,224,523</u>	<u>\$ 1,186,855</u>	<u>\$ 312,550</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Fund:				
General	\$ 42,765	\$ 45,392	\$ 78,630	\$ 9,527
Proprietary Funds:				
Sewage Operating	269,745	202,448	213,993	258,200
Water Operating	40	1,075,782	1,069,972	5,850
Totals	<u>\$ 312,550</u>	<u>\$ 1,323,622</u>	<u>\$ 1,362,595</u>	<u>\$ 273,577</u>

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Fund:				
General	\$ 9,527	\$ 42,635	\$ 41,076	\$ 11,086
Proprietary Funds:				
Sewage Operating	258,200	349,258	326,669	280,789
Water Operating	5,850	324,969	232,400	98,419
Totals	<u>\$ 273,577</u>	<u>\$ 716,862</u>	<u>\$ 600,145</u>	<u>\$ 390,294</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Fund:				
General	\$ 11,086	\$ 29,052	\$ 1,875	\$ 38,263
Proprietary Funds:				
Sewage Operating	280,789	165,689	116,464	330,014
Water Operating	98,419	5,450	67,815	36,054
Totals	<u>\$ 390,294</u>	<u>\$ 200,191</u>	<u>\$ 186,154</u>	<u>\$ 404,331</u>

The accompanying notes are an integral part of the schedules.

WHITE OAK CONSERVANCY DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana and operates under an elected governing board. 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. Long-Term Debt

The District has entered into various bonds for the construction of a water distribution system. The outstanding principal at December 31, 2005, was \$1,159,000.

WHITE OAK CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BONDS

The official bonds for the financial clerk were not filed in the Office of the County Recorder.

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

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
- 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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

- (1) Claims were not prepared for all disbursements.
- (2) Not all disbursements were supported by an itemized invoice.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; . . ."

"(e) The certification provided for in subsection (c)(4) must be on a form prescribed by the state board of accounts."

WHITE OAK CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

ACCOUNTING FOR INVESTMENTS

The District invested in Certificates of Deposit. These investments were not entered on Prescribed Form 350, Register of Investments. Several purchases and sales of investments were not posted to the ledgers. In addition, we noted some instances where 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)

DELINQUENT WASTEWATER ACCOUNTS

As stated in previous audit reports, the district did not comply with state statutes concerning delinquent sewage 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.

Indiana Code 14-35-5-21(b) states:

"(b) In the same manner as provided by IC 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 IC 36-9-23-31 through IC 36-9-23-32."

WHITE OAK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2006, with Betty Feldt, Financial Clerk; and David Hollenbeck, District Attorney.