

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

EXAMINATION REPORT
OF
MARION HEIGHTS CONSERVANCY DISTRICT
VIGO COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
09/26/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Diana Jean Carty	01-01-04 to 12-31-06
Treasurer	Jerry Heffernan	01-01-04 to 12-31-06
President of the Board	Helen Ruhl	01-01-04 to 12-31-06



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MARION HEIGHTS CONSERVANCY DISTRICT, VIGO COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Marion Heights Conservancy District (District), for the period of January 1, 2004 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, 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

August 28, 2006

MARION HEIGHTS CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Proprietary Funds:				
Operating Cash	\$ 6,300	\$ 258,526	\$ 250,398	\$ 14,428
Operating Investment	16,088	383	-	16,471
Bond and Interest Cash	29,541	96,827	79,164	47,204
Debt Service Savings	3,742	10,314	-	14,056
Debt Service Investment	60,000	-	-	60,000
Priority Capital Expenditure	9,446	26,064	1,519	33,991
Capital Improvement Projects	2,560	15,136	5,252	12,444
Construction Investments	22,628	-	-	22,628
Totals	<u>\$ 150,305</u>	<u>\$ 407,250</u>	<u>\$ 336,333</u>	<u>\$ 221,222</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Proprietary Funds:				
General	\$ 14,428	\$ 267,356	\$ 272,708	\$ 9,076
Operating Investment	16,471	334	-	16,805
Bond and Interest Cash	47,204	96,874	99,715	44,363
Debt Service Savings	14,056	11,268	-	25,324
Debt Service Investment	60,000	-	-	60,000
Priority Capital Expenditure	33,991	28,502	17,342	45,151
Capital Improvement Projects	12,444	14,230	3,731	22,943
Construction Investments	22,628	-	-	22,628
Totals	<u>\$ 221,222</u>	<u>\$ 418,564</u>	<u>\$ 393,496</u>	<u>\$ 246,290</u>

The accompanying notes are an integral part of the schedules.

MARION HEIGHTS CONSERVANCY DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides water utility 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. 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 5. Long-Term Debt

The District has entered into various debts such as bonds for utility improvements. The outstanding principal at December 31, 2005, was \$779,000.

MARION HEIGHTS CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

INVESTMENT MATURITY LIMITATIONS

The governmental unit purchased investments which have a stated maturity in excess of two years.

Indiana Code 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

CAPITAL ASSET RECORDS

As stated in prior audit reports, the District does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special District, Chapter 16)

DEPOSITS

As stated in the prior audit reports, in numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(c) states in part: "All local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

Guarantee Deposit Register (General Form 314)
General Fixed Asset Account Group (General Form 369)

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 22)

ALCOHOL PURCHASES

Alcoholic beverages were purchased from public funds of the Marion Heights Conservancy District for a budget meeting in December 2005.

Purchases of alcoholic beverages may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

MARION HEIGHTS CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2006, with Diana Jean Carty, Financial Clerk.