

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

EXAMINATION REPORT
OF
DELANEY CREEK WATERSHED
CONSERVANCY DISTRICT
WASHINGTON COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
12/09/2010

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OFFICIALS

Office

Official

Term

Financial Clerk

Andrew Wright

01-01-07 to 12-31-10

President of the Board

Brian Newby

01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE DELANEY CREEK WATERSHED CONSERVANCY
DISTRICT, WASHINGTON COUNTY, INDIANA

We have examined the financial information presented herein of the Delaney Creek Watershed Conservancy District (District), for the period of January 1, 2007 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, 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

September 9, 2010

DELANEY CREEK WATERSHED CONSERVANCY DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 8,088	\$ 908	\$ 6,574	\$ 2,422
Cumulative Maintenance	<u>19,475</u>	<u>77</u>	<u>7,135</u>	<u>12,417</u>
Totals	<u>\$ 27,563</u>	<u>\$ 985</u>	<u>\$ 13,709</u>	<u>\$ 14,839</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 2,422	\$ 6,668	\$ 5,964	\$ 3,126
Cumulative Maintenance	<u>12,417</u>	<u>11,011</u>	<u>932</u>	<u>22,496</u>
Totals	<u>\$ 14,839</u>	<u>\$ 17,679</u>	<u>\$ 6,896</u>	<u>\$ 25,622</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 3,126	\$ 14,646	\$ 5,501	\$ 12,271
Cumulative Maintenance	<u>22,496</u>	<u>26,009</u>	<u>8,000</u>	<u>40,505</u>
Totals	<u>\$ 25,622</u>	<u>\$ 40,655</u>	<u>\$ 13,501</u>	<u>\$ 52,776</u>

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

DELANEY CREEK WATERSHED 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: water conservation 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 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

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.

DELANEY CREEK WATERSHED CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORTS

Annual Financial Reports (SDAR) for the years 2007, 2008, and 2009 were not presented for examination.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

ERRORS ON CLAIMS

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

- (1) Claims were not prepared for all disbursements.
- (2) Claims were not adequately itemized.
- (3) All claims did not have board approval.

IC 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:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

DELANEY CREEK WATERSHED CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 9, 2010, with Andrew Wright, Financial Clerk. The official response has been made a part of this report and may be found on pages 8 and 9.

ANDREW WRIGHT, P.C.
ATTORNEY AT LAW
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September 10, 2010

State Board of Accounts
302 W. Washington Street
Room E418
Indianapolis, IN 46204-2765

**RE: Delaney Creek Watershed Conservancy District
Audit/January 1, 2007 through December 31, 2009
OFFICIAL RESPONSE**

Ladies and Gentlemen:

I am writing this letter as an official response to the examination results and comments resulting from the audit of the Delaney Creek Watershed Conservancy District for the years January 1, 2007 through December 31, 2009.

The audit examination and comments made the finding that there were errors on claims in that claims were not prepared for all disbursements; claims were not adequately itemized; and all claims did not have board approval.

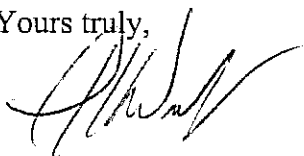
In regard to the disbursements that were not supported by claims, it appears that two of the annual liability insurance premiums and the financial clerk bonds were paid on invoices submitted without a separate claim being processed. It also appears that disbursements made in response to invoices received from the Indiana Department of Natural Resources for dam inspections were also not supported by a separate claim form.

In regard to all claims not having board approval, my response is that there has been a vacancy on the three-member board at all times during the recent audit examination. The frequent unavailability of one of the board members presents a specific challenge in getting claims paid on a timely basis with board approval. In order to avoid the lapse in insurance coverages, these claims were paid without formal board approval.

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In regard to the payment of dam inspection invoices by the Indiana Department of Natural Resources, it simply did not occur to me that I would have to mail a claim back to the Indiana Department of Natural Resources in order for them to be paid for their statutory services. If this is in error, it will not be repeated in the future.

Yours truly,



Andrew Wright
Acting Financial Clerk
Delaney Creek Watershed Conservancy District

AW/sw

pc: John Wineinger