

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

FINANCIAL STATEMENT EXAMINATION REPORT  
OF  
IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
DUBOIS COUNTY, INDIANA  
January 1, 2007 to December 31, 2010



**FILED**  
12/13/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jason Lichlyter Gene Mehringer Jeff Schitter	01-01-07 to 12-31-07 01-01-08 to 12-31-10 01-01-11 to 12-31-11
President of the Board	Thomas A. Schum	01-01-07 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF IRELAND-MADISON TOWNSHIP  
CONSERVANCY DISTRICT, DUBOIS COUNTY, INDIANA

We have examined the financial statements of Ireland-Madison Township Conservancy District (District), for the period of January 1, 2007 to December 31, 2010. The District's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the years ended December 31, 2007, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis were not presented for the years ended December 31, 2007, 2008, or 2009.

This report is intended solely for the information and use of the District's management and governing board and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 3, 2011

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCE -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2007

	Cash and Investments <u>01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-07</u>
General	<u>\$ 402,337</u>	<u>\$ 363,450</u>	<u>\$ 333,929</u>	<u>\$ 431,858</u>

The notes to the financial statement are an integral part of this statement.



IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCE -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	<u>\$ 431,858</u>	<u>\$ 202,477</u>	<u>\$ 210,467</u>	<u>\$ 423,868</u>

The notes to the financial statement are an integral part of this statement.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCE -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	<u>\$ 423,868</u>	<u>\$ 425,362</u>	<u>\$ 380,367</u>	<u>\$ 468,863</u>

The notes to the financial statement are an integral part of this statement.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCE -  
 REGULATORY BASIS  
 For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	<u>\$ 468,863</u>	<u>\$ 175,036</u>	<u>\$ 149,612</u>	<u>\$ 494,287</u>

The notes to the financial statement are an integral part of this statement.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District (primary government), and does not include financial information for any of the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the District (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level.

**Note 3. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 4. Risk Management**

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the District. It is presented as intended by the District.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCE - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General
Cash and investments - beginning	\$ <u>468,863</u>
Receipts:	
Utility fees	158,663
Other receipts	<u>16,373</u>
Total receipts	<u>175,036</u>
Disbursements:	
Debt service - principal and interest	28,220
Capital outlay	2,798
Utility operating expenses	<u>118,594</u>
Total disbursements	<u>149,612</u>
Excess of receipts over disbursements	<u>25,424</u>
Cash and investments - ending	<u><u>\$ 494,287</u></u>



IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Conservancy District:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 2,194,723
Machinery and equipment	<u>35,455</u>
 Total Conservancy District capital assets	 <u><u>2,230,178</u></u>

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal Due Within One Year
Business-type activities:		
Conservancy District:		
Notes and loans payable	\$ 442,000	\$ 19,400

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

**ANNUAL REPORT**

Annual reports for 2008 and 2009 were not presented for examination.

Indiana Code 5-11-1-4 states in part:

"(a) 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 . . ."

A similar comment appeared in the prior examination report.

**DELINQUENT WASTEWATER ACCOUNTS**

Delinquent wastewater fees and penalties 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 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
  - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
  - (B) a description of the premises, as shown by the records of the county auditor; and
  - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

A similar comment appeared in prior examination reports.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**OFFICIAL BOND**

The official bonds of the Conservancy District Treasurer, for 2007, 2008, 2009, and 2010 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. . . ."

A similar comment appeared in prior examination reports.

**PRESCRIBED FORMS**

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

1. General Capital Asset Account Group, Form 369
2. Consumer's Ledger-Municipal Wastewater Utility, Form 324
3. Register of Daily Cash Receipts-Consumers, Form 313A

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)

A similar comment appeared in prior examination reports.

IRELAND-MADISON TOWNSHIP CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on November 3, 2011, with Thomas A. Schum, President of the Board, and Mary Ann Weisheit, Bookkeeper.