

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

EXAMINATION REPORT  
OF  
BASS LAKE CONSERVANCY DISTRICT  
STARKE COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
10/11/2006



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OFFICIALS

Office

Official

Term

Executive Director

Cinndi Carey

01-01-04 to 12-31-06

Financial Clerk

Susan Stacy

01-01-04 to 12-31-06

President of the Board

Joseph Carey

01-01-04 to 12-31-06



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BASS LAKE CONSERVANCY DISTRICT, STARKE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Bass Lake 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

September 14, 2006

BASS LAKE CONSERVANCY DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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
Governmental Funds:				
General	\$ 525,728	\$ 884,772	\$ 1,015,835	\$ 394,665
Bond and Interest	508	529,312	529,820	-
Reserve	472,785	57,965	-	530,750
Construction	24,076	14,834	96	38,814
Totals	<u>\$ 1,023,097</u>	<u>\$ 1,486,883</u>	<u>\$ 1,545,751</u>	<u>\$ 964,229</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 394,665	\$ 853,872	\$ 756,343	\$ 492,194
Bond and Interest	-	530,630	530,630	-
Reserve	530,750	6,785	-	537,535
Construction	38,814	22,222	2,115	58,921
Totals	<u>\$ 964,229</u>	<u>\$ 1,413,509</u>	<u>\$ 1,289,088</u>	<u>\$ 1,088,650</u>

The accompanying notes are an integral part of the schedules.

BASS LAKE CONSERVANCY DISTRICT  
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides for the collection, treatment and disposal of sewage and other liquid waste, improving drainage, flood prevention and control. In addition, the District provides improvement for water based recreational purposes including aquatic plant management and maintaining a suitable water level.

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.

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 debt for sewage works revenue bonds. The outstanding principal at December 31, 2005, was \$5,419,000.

BASS LAKE CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2004 and 2005 was not presented for audit.

Indiana Code 14-33-5-20(6) states in part: "The board shall . . . make an annual report to the court of income and expenses. The report must be submitted not later than thirty (30) days after the annual meeting."

CONFLICT OF INTEREST

The wife of Joe Carey, President of the Board, is an employee with the District. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

BASS LAKE CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

TRANSACTION RECORDING

Receipts are recorded only as "deposits" in the District's financial ledger. Receipt numbers and the source are not entered.

The posting media for receipts will be the copies of receipts issued on Form 352. The date, receipt number, source and amount shall be entered on the applicable fund ledger sheet (Form 358) and the "balance" columns increased accordingly. Consecutively numbered receipts for the same date and from the same source may be group posted, if desired. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 22)

OFFICIAL BOND

No official bonds were purchased for the financial clerk of the District.

A financial clerk shall execute a surety bond in the manner prescribed by Indiana Code 5-4-1. [IC 14-33-5-18(b)] (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 22)

PUBLIC RECORDS RETENTION

Nine vendor claims and supporting invoices were not presented for audit. Additionally, a DNR grant application and agreement was not presented for audit.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 7)

BASS LAKE CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2006, with Susan Stacy, Financial Clerk; Joseph Carey, President of the Board; and Cinni Carey, Executive Director. The officials concurred with our findings.