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

EXAMINATION REPORT
OF
BASS LAKE CONSERVANCY DISTRICT
STARKE COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/11/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Cinndi Carey	01-01-08 to 12-31-10
Financial Clerk	Susan Stacy	01-01-08 to 12-31-10
President of the Board	Joseph Carey Patti Bush	01-01-08 to 12-27-09 01-09-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Bass Lake Conservancy District (District), for the period of January 1, 2008 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 22, 2010

BASS LAKE CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 644,666	\$ 832,941	\$ 739,835	\$ 737,772
Bond and Interest	-	529,070	529,070	-
Reserve	568,525	8,949	-	577,474
Construction	59,777	529	108	60,198
	<u>1,272,968</u>	<u>1,371,489</u>	<u>1,269,013</u>	<u>1,375,444</u>
Totals	<u>\$ 1,272,968</u>	<u>\$ 1,371,489</u>	<u>\$ 1,269,013</u>	<u>\$ 1,375,444</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 737,772	\$ 846,291	\$ 752,684	\$ 831,379
Bond and Interest	-	530,220	530,220	-
Reserve	577,474	3,457	-	580,931
Construction	60,198	201	108	60,291
	<u>1,375,444</u>	<u>1,380,169</u>	<u>1,283,012</u>	<u>1,472,601</u>
Totals	<u>\$ 1,375,444</u>	<u>\$ 1,380,169</u>	<u>\$ 1,283,012</u>	<u>\$ 1,472,601</u>

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

BASS LAKE CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION

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.

BASS LAKE CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

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>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 310,000
Infrastructure	9,000,000
Buildings	32,000
Improvements other than buildings	16,050
Machinery and equipment	<u>57,314</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 9,415,364</u></u>

BASS LAKE CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
1999 Sewage Works Bond	\$ 3,673,000	\$ 529,180
Total Wastewater Utility	<u>3,673,000</u>	<u>529,180</u>
Total business-type activities debt:	<u>\$ 3,673,000</u>	<u>\$ 529,180</u>

BASS LAKE CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

Annual reports for 2008 and 2009 were not presented for examination. This same comment was made in Report B32002 covering 2006 and 2007.

IC 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."

OFFICIAL BOND

The following official bonds were not filed in the Office of the County Recorder:

Susan Stacy, Financial Clerk, Terms: 01-01-08 to 12-31-08 and 01-01-09 to 12-31-09

A similar comment was made in Report B32002 covering 01-01-06 to 12-31-07.

IC 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. . . ."

INCOMPLETE LEDGER DETAIL

The District's financial ledgers for 2008 and 2009 were incomplete. Ledger pages were totaled monthly, but no year-to-date figures were maintained. The details of disbursements were not properly maintained. Numerous posting errors to the detail were identified. These consisted mainly of disbursements not posted to the detail. The monthly disbursement detail was not reconciled to the fund 'control' disbursements. A detail of revenues was not maintained.

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Internal Revenue Service quarterly forms 941 along with the corresponding payments were filed late for the 3rd quarters of 2008 and 2009, and have not been filed for the 2nd quarters of either year.

On April 30, 2009, \$323.58 in penalties and interest was paid to the Internal Revenue Service. These penalties and interest were assessed for the late payment of payroll taxes for the 3rd quarter 2008.

We also noted late payment charges and finance fees being paid by the District on vendor billings.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

BASS LAKE CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SALARY OVERPAYMENT

In 2008, the District Board approved a 4% raise for its Plant Operator, Thomas Jordan. A calculation error lead to this salary being overpaid by \$ 1,326 in 2008 and \$1,943 in 2009.

On July 12, 2010, the Board voted to retroactively approve the salaries paid during 2008 and 2009 as well as the overpayment resulting from this error already received in 2010.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SALES TAX

Purchases were observed for which sales tax was paid.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

COLLECTION OF AMOUNTS DUE

As of December 31, 2009, delinquent Wastewater bills of \$1,546.17 and \$527.58 were due from a District Board member and the District Plant Operator, respectively. These balances include at least one regular monthly payment, along with interest, and penalties accruing from prior to 2008.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

BASS LAKE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 22, 2010, with Cindi Carey, Director; and Susan Stacy, Financial Clerk.