

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

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



FILED
12/14/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer/Financial Clerk	Linda Roark	01-01-08 to 12-31-10
Chairman of the Board	Morris Mozingo	01-01-08 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAKE MCCOY CONSERVANCY
DISTRICT, DECATUR COUNTY, INDIANA

We have examined the financial information presented herein of the Lake McCoy 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 Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 9, 2010

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

	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
Governmental Funds: General	<u>\$ 54,184</u>	<u>\$ 36,211</u>	<u>\$ 15,882</u>	<u>\$ 74,513</u>
	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
Governmental Funds: General	<u>\$ 74,513</u>	<u>\$ 62,640</u>	<u>\$ 69,733</u>	<u>\$ 67,420</u>

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

LAKE MCCOY 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 general administration and debt service payments for Lake McCoy Reservoir in Decatur County.

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.

LAKE MCCOY 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
Governmental activities:		
Bonds payable:		
General obligation bonds:		
1997 Series - Dam/spillway renovation	\$ 175,000	\$ 26,375
2001 Series - Reconstruction	<u>66,000</u>	<u>8,065</u>
Total governmental activities debt	<u>\$ 241,000</u>	<u>\$ 34,440</u>

LAKE MCCOY CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

OVERPAYMENT OF SALARY

Records presented for examination indicate that a Board member was paid twice for services for 2009. One payment of the annual salary was made June 1, 2009, and the second payment was made March 8, 2010, which is the date the other Board members were paid for 2009 services.

The Board member who received double payment for 2009 is serving on the 2010 Board. No paycheck for services in 2010 will be issued.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

APPROPRIATIONS

Records presented for examination indicated that there was no approved budget for the year 2009.

IC 6-1.1-18-4 states in part:

". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ANNUAL REPORTS

Annual reports for 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."

LAKE MCCOY CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balance to the bank account balances were not presented for examination.

IC 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OFFICIAL BOND

The official bonds for the treasurer/financial clerk were not filed in the Office of the County Recorder. Invoices presented for examination indicate that the amount of the bond is \$15,000.

IC 5-4-1-5.1 states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file an official bond for the faithful performance of duty . . . in the office of the county recorder in the county of residence of the officer, official, deputy, or employee."

Effective July 1, 2009, IC 5-4-1-18(c)(2) states in part:

"The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee."

LAKE MCCOY CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 9, 2010, with Morris Mozingo, Chairman of the Board; Carmel Roark, Vice-Chairman of the Board; and Jerry Stuart, District Director. The officials concurred with our findings.