

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

LAKE HOLIDAY CONSERVANCY DISTRICT

MONTGOMERY COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
02/12/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Charles J. McKeown	01-01-10 to 12-31-13
President of the Board	Michael McKeown	01-01-10 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAKE HOLIDAY CONSERVANCY
DISTRICT, MONTGOMERY COUNTY, INDIANA

We have examined the accompanying financial statements of the Lake Holiday Conservancy District (District), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2011.

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 period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Capital Assets, 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.

STATE BOARD OF ACCOUNTS

January 9, 2013

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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.

LAKE HOLIDAY CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 41,792	\$ 212,299	\$ 172,467	\$ 81,624
Cumulative Improvement Fund	124,769	25,682	25,000	125,451
Cumulative Maintenance Fund	73,864	5,607	-	79,471
Cumulative Equipment Fund	68,096	2,893	-	70,989
Lake Maintenace Sediment Removal	111,190	49,724	25,105	135,809
Sewer Development	832,244	75,033	-	907,277
Clubhouse, Parks, Sales Tax Liab	3,677	3,314	2,802	4,189
Totals	<u>\$ 1,255,632</u>	<u>\$ 374,552</u>	<u>\$ 225,374</u>	<u>\$ 1,404,810</u>

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

LAKE HOLIDAY CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 81,624	\$ 159,537	\$ 224,386	\$ 16,775
Clubhouse, Parks, Sales Tax Liability	4,189	4,146	3,736	4,599
Cumulative Improvement Fund	125,451	17,700	-	143,151
Cumulative Equipment Fund	70,989	176	6,500	64,665
Cumulative Maintenance Fund	79,471	1,196	-	80,667
Lake Sediment Removal (Eba)	135,809	20,839	25,000	131,648
Sewer Development Fund	907,277	3,217	-	910,494
Totals	<u>\$ 1,404,810</u>	<u>\$ 206,811</u>	<u>\$ 259,622</u>	<u>\$ 1,351,999</u>

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

LAKE HOLIDAY 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.

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 include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

Charges for services which can include, but are not limited to the following: copies of public records, copy machine charges, recycling fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, and fines and fees.

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 include the following uses:

LAKE HOLIDAY CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

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. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

LAKE HOLIDAY CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3. *Property Taxes*

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. *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 5. *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.

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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

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.

LAKE HOLIDAY CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Cumulative Improvement Fund	Cumulative Maintenance Fund	Cumulative Equipment Fund	Lake Maintenance Sediment Removal	Sewer Development	Clubhouse, Parks, Sales Tax Liab	Totals
Cash and investments - beginning	\$ 41,792	\$ 124,769	\$ 73,864	\$ 68,096	\$ 111,190	\$ 832,244	\$ 3,677	\$ 1,255,632
Receipts:								
Taxes	173,560	24,762	-	-	24,042	-	-	222,364
Other receipts	<u>38,739</u>	<u>920</u>	<u>5,607</u>	<u>2,893</u>	<u>25,682</u>	<u>75,033</u>	<u>3,314</u>	<u>152,188</u>
Total receipts	<u>212,299</u>	<u>25,682</u>	<u>5,607</u>	<u>2,893</u>	<u>49,724</u>	<u>75,033</u>	<u>3,314</u>	<u>374,552</u>
Disbursements:								
Personal services	89,196	-	-	-	-	-	-	89,196
Supplies	2,902	-	-	-	105	-	-	3,007
Other services and charges	70,019	-	-	-	-	-	-	70,019
Capital outlay	1,000	-	-	-	-	-	-	1,000
Other disbursements	<u>9,350</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>2,802</u>	<u>62,152</u>
Total disbursements	<u>172,467</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,105</u>	<u>-</u>	<u>2,802</u>	<u>225,374</u>
Excess (deficiency) of receipts over disbursements	<u>39,832</u>	<u>682</u>	<u>5,607</u>	<u>2,893</u>	<u>24,619</u>	<u>75,033</u>	<u>512</u>	<u>149,178</u>
Cash and investments - ending	<u>\$ 81,624</u>	<u>\$ 125,451</u>	<u>\$ 79,471</u>	<u>\$ 70,989</u>	<u>\$ 135,809</u>	<u>\$ 907,277</u>	<u>\$ 4,189</u>	<u>\$ 1,404,810</u>

LAKE HOLIDAY CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General Fund	Clubhouse, Parks, Sales Tax Liability	Cumulative Improvement Fund	Cumulative Equipment Fund	Cumulative Maintenance Fund	Lake Sediment Removal (Eba)	Sewer Development Fund	Totals
Cash and investments - beginning	\$ 81,624	\$ 4,189	\$ 125,451	\$ 70,989	\$ 79,471	\$ 135,809	\$ 907,277	\$ 1,404,810
Receipts:								
Taxes	112,450		17,444	-	-	20,608	-	150,502
Charges for services	15,587		-	-	-	-	-	15,587
Other receipts	31,500	4,146	256	176	1,196	231	3,217	40,722
Total receipts	159,537	4,146	17,700	176	1,196	20,839	3,217	206,811
Disbursements:								
Personal services	86,617		-	-	-	-	-	86,617
Supplies	10,354		-	-	-	-	-	10,354
Other services and charges	94,848		-	-	-	-	-	94,848
Capital outlay	31,567		-	-	-	-	-	31,567
Other disbursements	1,000	3,736	-	6,500	-	25,000	-	36,236
Total disbursements	224,386	3,736	-	6,500	-	25,000	-	259,622
Excess (deficiency) of receipts over disbursements	(64,849)	410	17,700	(6,324)	1,196	(4,161)	3,217	(52,811)
Cash and investments - ending	\$ 16,775	\$ 4,599	\$ 143,151	\$ 64,665	\$ 80,667	\$ 131,648	\$ 910,494	\$ 1,351,999

LAKE HOLIDAY CONSERVANCY DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 4,137</u>	<u>\$ -</u>

LAKE HOLIDAY CONSERVANCY DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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>Ending Balance</u>
Governmental activities:	
Land	\$ 72,401
Buildings	148,495
Improvements other than buildings	78,368
Machinery, equipment and vehicles	<u>170,608</u>
Total governmental activities	<u>469,872</u>
Total capital assets	<u>\$ 469,872</u>

LAKE HOLIDAY CONSERVANCY DISTRICT
EXAMINATION RESULT AND COMMENT

ANNUAL REPORT

The annual reports for 2010 and 2011 were not reported accurately according to the unit's records. The District's receipts were misstated for 2010 and 2011, disbursements were misstated for 2011, and beginning balances were misstated for 2010 and 2011. The 2011 annual report omitted a fund. Adjustments were made to this examination report to reflect the correct balances.

Indiana Code 5-11-1-4 (a) states in part: "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."

LAKE HOLIDAY CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 9, 2013, with Charles J. McKeown, Financial Clerk, and Michael McKeown, President of the Board. The officials concurred with our finding.