

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

LAKE EDGEWOOD CONSERVANCY DISTRICT

MORGAN COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED

08/28/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman of the Board of Directors	Jesse Hubbard	03-24-09 to 02-12-14
Financial Clerk	Patricia Grider	03-24-09 to 02-07-12
	Nellie Bigley	02-08-12 to 05-14-13
	Jesse Hubbard	05-15-13 to 06-12-13
	Kelly Stege	06-13-13 to 02-12-14



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAKE EDGEWOOD CONSERVANCY
DISTRICT, MORGAN COUNTY, INDIANA

We have examined the accompanying financial statements of the Lake Edgewood Conservancy District (District), for the period of January 1, 2010 to December 31, 2012. 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.

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, 2012.

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, 2012, 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 statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, 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.

Bruce Hartman
State Examiner

August 1, 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 EDGEWOOD 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	\$ -	\$ 80,555	\$ 46,215	\$ 34,340
Cumulative	-	4,785	-	4,785
Contingency	-	5,200	20	5,180
Indiana Flood Control Fcrf	-	208,365	141,272	67,093
Siltation	-	20,551	-	20,551
Dry Fire Hydrant	-	2,750	2,750	-
Dam & Spilway	-	67,613	27,713	39,900
Totals	<u>\$ -</u>	<u>\$ 389,819</u>	<u>\$ 217,970</u>	<u>\$ 171,849</u>

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

LAKE EDGEWOOD CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 34,340	\$ 78,378	\$ 67,661	\$ 45,057	\$ 94,898	\$ 89,472	\$ 50,483
Gift Fund	-	300	300	-	-	-	-
Cumulative	4,785	4,633	-	9,418	-	-	9,418
Dam & Spilway	39,900	31,018	70,918	-	-	-	-
Indiana Flood Control Fcrf	67,093	-	42,204	24,889	2,007	26,896	-
Siltation	20,551	1,500	2,100	19,951	-	-	19,951
Contingency	5,180	-	5,180	-	-	-	-
Totals	<u>\$ 171,849</u>	<u>\$ 115,829</u>	<u>\$ 188,363</u>	<u>\$ 99,315</u>	<u>\$ 96,905</u>	<u>\$ 116,368</u>	<u>\$ 79,852</u>

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

LAKE EDGEWOOD 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.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

LAKE EDGEWOOD CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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:

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.

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.

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.

LAKE EDGEWOOD CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

	General	Cumulative	Contingency	Indiana Flood Control Fcrf	Siltation	Dry Fire Hydrant	Dam & Spilway	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	55,834	-	-	-	-	-	-	55,834
Fines and forfeits	7,731	-	-	-	-	-	-	7,731
Other receipts	16,990	4,785	5,200	208,365	20,551	2,750	67,613	326,254
Total receipts	80,555	4,785	5,200	208,365	20,551	2,750	67,613	389,819
Disbursements:								
Supplies	2,044	-	-	-	-	-	-	2,044
Other services and charges	44,171	-	20	141,272	-	2,750	27,713	215,926
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	46,215	-	20	141,272	-	2,750	27,713	217,970
Excess (deficiency) of receipts over disbursements	34,340	4,785	5,180	67,093	20,551	-	39,900	171,849
Cash and investments - ending	\$ 34,340	\$ 4,785	\$ 5,180	\$ 67,093	\$ 20,551	\$ -	\$ 39,900	\$ 171,849

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

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	General Fund	Gift Fund	Cumulative	Dam & Spilway	Indiana Flood Control Fcrf	Siltation	Contingency	Totals
Cash and investments - beginning	\$ 34,340	\$ -	\$ 4,785	\$ 39,900	\$ 67,093	\$ 20,551	\$ 5,180	\$ 171,849
Receipts:								
Taxes	62,132	-	4,633	-	-	-	-	66,765
Intergovernmental	-	-	-	31,018	-	-	-	31,018
Charges for services	90	-	-	-	-	-	-	90
Other receipts	16,156	300	-	-	-	1,500	-	17,956
Total receipts	<u>78,378</u>	<u>300</u>	<u>4,633</u>	<u>31,018</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>115,829</u>
Disbursements:								
Supplies	1,461	-	-	-	-	-	-	1,461
Other services and charges	40,404	-	-	70,918	42,204	2,100	-	155,626
Debt service - principal and interest	19,630	-	-	-	-	-	-	19,630
Other disbursements	6,166	300	-	-	-	-	5,180	11,646
Total disbursements	<u>67,661</u>	<u>300</u>	<u>-</u>	<u>70,918</u>	<u>42,204</u>	<u>2,100</u>	<u>5,180</u>	<u>188,363</u>
Excess (deficiency) of receipts over disbursements	<u>10,717</u>	<u>-</u>	<u>4,633</u>	<u>(39,900)</u>	<u>(42,204)</u>	<u>(600)</u>	<u>(5,180)</u>	<u>(72,534)</u>
Cash and investments - ending	<u>\$ 45,057</u>	<u>\$ -</u>	<u>\$ 9,418</u>	<u>\$ -</u>	<u>\$ 24,889</u>	<u>\$ 19,951</u>	<u>\$ -</u>	<u>\$ 99,315</u>

LAKE EDGEWOOD CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General Fund	Gift Fund	Cumulative	Dam & Spilway	Indiana Flood Control Fcrf	Siltation	Totals
Cash and investments - beginning	\$ 45,057	\$ -	\$ 9,418	\$ -	\$ 24,889	\$ 19,951	\$ 99,315
Receipts:							
Taxes	93,249	-	-	-	-	-	93,249
Charges for services	1,590	-	-	-	-	-	1,590
Other receipts	59	-	-	-	2,007	-	2,066
Total receipts	94,898	-	-	-	2,007	-	96,905
Disbursements:							
Supplies	1,235	-	-	-	-	-	1,235
Other services and charges	64,658	-	-	-	-	-	64,658
Debt service - principal and interest	753	-	-	-	-	-	753
Capital outlay	-	-	-	-	26,896	-	26,896
Other disbursements	22,826	-	-	-	-	-	22,826
Total disbursements	89,472	-	-	-	26,896	-	116,368
Excess (deficiency) of receipts over disbursements	5,426	-	-	-	(24,889)	-	(19,463)
Cash and investments - ending	\$ 50,483	\$ -	\$ 9,418	\$ -	\$ -	\$ 19,951	\$ 79,852

LAKE EDGEWOOD CONSERVANCY DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: Notes and loans payable	Repayment of Startup of Conservancy & Spillway Repair	\$ 105,700	\$ 18,271
Totals		<u>\$ 105,700</u>	<u>\$ 18,271</u>

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LAKE EDGEWOOD CONSERVANCY DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2012

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.

	Ending Balance
Governmental activities:	
Land	\$ 76,000
Buildings	23,600
Improvements other than buildings	1,318,900
Total governmental activities	1,418,500
Total capital assets	\$ 1,418,500

LAKE EDGEWOOD CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Report for 2010 contained a number of errors and did not properly reflect the financial activity of the District. The Annual Report was corrected and the unit approved the corrections.

The Annual Reports for 2011 and 2012 contained a number of errors and did not properly reflect the financial activity of the District. The unit has made corrections; thus, the numbers reflected in the report are corrected.

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."

CERTIFIED REPORT NOT FILED

The District did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the State Board of Accounts for 2011.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

LAKE EDGEWOOD CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2013, with Jesse Hubbard, Chairman of the Board of Directors, and Kelly Stege, Financial Clerk. The officials concurred with our findings.