

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

FINANCIAL STATEMENT EXAMINATION REPORT  
OF

SOUTH-WEST LAKE MAXINKUCKEE  
CONSERVANCY DISTRICT  
MARSHALL COUNTY, INDIANA

January 1, 2013 to December 31, 2014



**FILED**  
11/20/2015



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk/ District Coordinator	Kathy Clark	01-1-11 to 12-31-15
Chairman of the Board	Kathryn Densborn John Crist	01-1-13 to 12-31-14 01-1-15 to 12-31-15



INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTH-WEST LAKE MAXINKUCKEE  
CONSERVANCY DISTRICT, MARSHALL COUNTY, INDIANA

We have examined the accompanying financial statement of the South-West Lake Maxinkuckee Conservancy District (District), for the period of January 1, 2013 to December 31, 2014. The financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 statement 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 statement referred to above does 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, 2013 to December 31, 2014.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2013 to December 31, 2014, 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 Payables and Receivables, 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

September 8, 2015

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the District. The financial statement and notes are presented as intended by the District.

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SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Wastewater Operating	\$ 144,774	\$ 201,746	\$ 107,994	\$ 238,526	\$ 220,593	\$ 139,386	\$ 319,733
Wastewater BNY Debt Service Reserve Fund	62,316	-	-	62,316	-	-	62,316
Wastewater BNY Sinking Fund	<u>107,262</u>	<u>30,293</u>	<u>56,052</u>	<u>81,503</u>	<u>29,746</u>	<u>60,038</u>	<u>51,211</u>
Totals	<u>\$ 314,352</u>	<u>\$ 232,039</u>	<u>\$ 164,046</u>	<u>\$ 382,345</u>	<u>\$ 250,339</u>	<u>\$ 199,424</u>	<u>\$ 433,260</u>

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

SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENT

**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 statement presents the financial information for the District.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. 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.

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

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.

SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

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.

Utility operating expenses which include all outflows for operating the utilities.

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.

SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 3. *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 4. *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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 5. *Subsequent Events***

On April 20, 2015, the Indiana State Revolving (SRF) Loan program approved loan forgiveness for the SRF Bond Anticipation Note (BAN) with a balance of \$1,150,000.

#### OTHER INFORMATION - UNAUDITED

The District's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the District which is 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 other information presented was approved by management of the District. It is presented as intended by the District.

SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	Wastewater Operating	Wastewater BNY Debt Service Reserve Fund	Wastewater BNY Sinking Fund	Totals
Cash and investments - beginning	\$ 144,774	\$ 62,316	\$ 107,262	\$ 314,352
Receipts:				
Taxes	63,872	-	-	63,872
Utility fees	134,903	-	-	134,903
Penalties	2,081	-	-	2,081
Other receipts	890	-	30,293	31,183
Total receipts	<u>201,746</u>	<u>-</u>	<u>30,293</u>	<u>232,039</u>
Disbursements:				
Other services and charges	3,585	-	-	3,585
Debt service - principal and interest	-	-	56,052	56,052
Utility operating expenses	69,164	-	-	69,164
Other disbursements	35,245	-	-	35,245
Total disbursements	<u>107,994</u>	<u>-</u>	<u>56,052</u>	<u>164,046</u>
Excess (deficiency) of receipts over disbursements	<u>93,752</u>	<u>-</u>	<u>(25,759)</u>	<u>67,993</u>
Cash and investments - ending	<u>\$ 238,526</u>	<u>\$ 62,316</u>	<u>\$ 81,503</u>	<u>\$ 382,345</u>

SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

	Wastewater Operating	Wastewater BNY Debt Service Reserve Fund	Wastewater BNY Sinking Fund	Totals
Cash and investments - beginning	\$ 238,526	\$ 62,316	\$ 81,503	\$ 382,345
Receipts:				
Taxes	52,380	-	-	52,380
Utility fees	145,316	-	-	145,316
Penalties	1,312	-	-	1,312
Other receipts	21,585	-	29,746	51,331
Total receipts	<u>220,593</u>	<u>-</u>	<u>29,746</u>	<u>250,339</u>
Disbursements:				
Other services and charges	2,972	-	-	2,972
Debt service - principal and interest	-	-	60,038	60,038
Capital outlay	4,285	-	-	4,285
Utility operating expenses	76,666	-	-	76,666
Other disbursements	55,463	-	-	55,463
Total disbursements	<u>139,386</u>	<u>-</u>	<u>60,038</u>	<u>199,424</u>
Excess (deficiency) of receipts over disbursements	<u>81,207</u>	<u>-</u>	<u>(30,292)</u>	<u>50,915</u>
Cash and investments - ending	<u>\$ 319,733</u>	<u>\$ 62,316</u>	<u>\$ 51,211</u>	<u>\$ 433,260</u>

SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2014

Enterprise	Accounts Payable	Accounts Receivable
Wastewater	<u>\$ 4,591</u>	<u>\$ 2,970</u>



SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Revenue bonds	Collection and disposal system	\$ 785,000	\$ 58,946
Notes and loans payable	SRF - Forgivable BAN	<u>1,150,000</u>	<u>-</u>
Totals		<u>\$ 1,935,000</u>	<u>\$ 58,946</u>

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SOUTH-WEST LAKE MAXINKUCKEE CONSERVANCY DISTRICT  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

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>
Wastewater:	
Infrastructure	\$ 923,579
Machinery, equipment, and vehicles	357,794
Books and other	<u>725,000</u>
 Total capital assets	 <u><u>\$ 2,006,373</u></u>

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.