

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
LAKE MCCOY CONSERVANCY DISTRICT
DECATUR COUNTY, INDIANA
January 1, 2002 to December 31, 2005



FILED
7/31/06

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary/Financial Clerk	Linda Roark	01-01-02 to 12-31-03
	Joel Denninger	01-01-04 to 03-31-06
	Jerry Stuart	04-01-06 to 12-31-06
President of the Board	Theodore Ogle	01-01-02 to 11-18-02
	Joel Denninger	11-19-02 to 12-31-05
	Morris Mozingo	01-01-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Lake McCoy Conservancy District (District), for the period of January 1, 2002 to December 31, 2005. The District's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 27, 2006

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, 2002, 2003, 2004, And 2005

	<u>Cash and Investments 01-01-02</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-02</u>
General	<u>\$ 3,885</u>	<u>\$ 52,048</u>	<u>\$ 43,369</u>	<u>\$ 12,564</u>
	<u>Cash and Investments 01-01-03</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-03</u>
General	<u>\$ 12,564</u>	<u>\$ 31,988</u>	<u>\$ 39,429</u>	<u>\$ 5,123</u>
	<u>Cash and Investments 01-01-04</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-04</u>
General	<u>\$ 5,123</u>	<u>\$ 42,061</u>	<u>\$ 39,158</u>	<u>\$ 8,026</u>
	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
General	<u>\$ 8,026</u>	<u>\$ 51,050</u>	<u>\$ 41,179</u>	<u>\$ 17,897</u>

The accompanying notes are an integral part of the schedules.

LAKE MCCOY CONSERVANCY DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: water-based recreation and general administrative services.

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.

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.

Note 6. Long-Term Debt

The District has entered into various debts such as general obligation bonds for the acquisition and construction of major capital facilities. The outstanding principal at December 31, 2005, was \$310,000.

LAKE MCCOY CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION - CLAIMS APPROVAL

Bank Statements from 2002 were not presented for examination. Adequate supporting documentation for disbursements, such as receipts, invoices, and other records were not presented for examination. Due to the lack of supporting information, receipts could not be traced to deposits, checks could not be examined, and the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Indiana Code 5-11-10-1.6 states in part:

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim; and . . .
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

SALES TAX

In 2003 and 2005, sales taxes of \$1.01 and \$70.43, respectively, were included in purchases.

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)

LAKE MCCOY CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

BOARD MINUTES

Minutes of meetings of the governing body were not available for the time period September 16, 2004 to June 25, 2005, and for meetings after November 20, 2005.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

OFFICIAL BOND

No official bonds were filed in the Office of the County Recorder.

Indiana Code 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. . . ."

LAKE MCCOY CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2006, with Jerry Stuart, Secretary/Financial Clerk; and Morris Mozingo, President of the Board. The officials concurred with our findings.