

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

EXAMINATION REPORT
OF
INDEPENDENCE HILL CONSERVANCY DISTRICT
LAKE COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
03/28/2007

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OFFICIALS

Office

Official

Term

Financial Clerk

Lynn Sattler

01-01-05 to 12-31-07

Chairman of the Board
of Directors

Margaret Uzelac

01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDEPENDENCE HILL CONSERVANCY DISTRICT, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of Independence Hill Conservancy District (District), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 18, 2007

INDEPENDENCE HILL CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 1,869,692	\$ 1,892,555	\$ 1,793,594	\$ 1,968,653
Cumulative Improvement	986,559	470,477	61,198	1,395,838
Meijer Fund	-	48,980	48,980	-
2005 Bond Fund	-	4,119,636	707,312	3,412,324
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 2,856,251</u>	<u>\$ 6,531,648</u>	<u>\$ 2,611,084</u>	<u>\$ 6,776,815</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 1,968,653	\$ 1,732,821	\$ 1,646,407	\$ 2,055,067
Cumulative Improvement	1,395,838	389,020	101,917	1,682,941
2005 Bond Fund	3,412,324	156,123	-	3,568,447
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 6,776,815</u>	<u>\$ 2,277,964</u>	<u>\$ 1,748,324</u>	<u>\$ 7,306,455</u>

The accompanying notes are an integral part of the schedules.

INDEPENDENCE HILL 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 following services: the collection, treatment, and disposal of sewage and other liquid wastes.

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.

INDEPENDENCE HILL CONSERVANCY DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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>
<u>Primary Government</u>	
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 72,052</u>

INDEPENDENCE HILL CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Bonds payable:		
2005 Bond Issue:	\$ 4,088,000	\$ 115,000
Settle outstanding amounts due to Merrillville Conservancy District and Gary Sanitary District and repayment of existing debt		

INDEPENDENCE HILL CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2007, with Margaret Uzelac, Chairman of the Board; and Lynn Sattler, Financial Clerk. Our examination disclosed no material items that warrant comment at this time.