

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

EXAMINATION REPORT
OF
NORTH LAKE CONSERVANCY DISTRICT
JOHNSON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
12/28/2010

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------|--|--|
| Treasurer | Julia H. Gephart (Vacant) Darlene Greathouse Deborah Shutta | 01-01-08 to 02-09-09 02-10-09 to 04-18-09 04-19-09 to 10-11-09 10-12-09 to 12-31-10 |
| Chairman of the Board | Ted Gephart | 01-01-08 to 12-31-10 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NORTH LAKE CONSERVANCY
DISTRICT, JOHNSON COUNTY, INDIANA

We have examined the financial information presented herein of the North Lake Conservancy District (District), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 4, 2010

NORTH LAKE CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

| | Cash and Investments 01-01-08 | Receipts | Disbursements | Cash and Investments 12-31-08 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 3,905 | \$ 6,291 | \$ 5,099 | \$ 5,097 |
| Construction | <u>-</u> | <u>881,586</u> | <u>881,586</u> | <u>-</u> |
| Totals | <u>\$ 3,905</u> | <u>\$ 887,877</u> | <u>\$ 886,685</u> | <u>\$ 5,097</u> |
| | | | | |
| | Cash and Investments 01-01-09 | Receipts | Disbursements | Cash and Investments 12-31-09 |
| Governmental Funds: | | | | |
| General | \$ 5,097 | \$ 20,159 | \$ 10,323 | \$ 14,933 |
| Construction | <u>-</u> | <u>366,844</u> | <u>366,844</u> | <u>-</u> |
| Totals | <u>\$ 5,097</u> | <u>\$ 387,003</u> | <u>\$ 377,167</u> | <u>\$ 14,933</u> |

The accompanying notes are an integral part of the financial information.

NORTH LAKE 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: maintenance 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected. However, the December 2008 distribution of \$13,812 was not receipted until January 2009 and the December 2009 distribution of \$4,491 was not receipted until January 2010.

NORTH LAKE CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION
(Continued)

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. Subsequent Event

On January 22, 2007, the District obtained a promissory note for \$1,500,000 for the purpose of providing for costs of construction of and repairs to North Dam; dredging of lake; operating costs, if necessary; and issuance costs to convert note into a general obligation bond. As of December 31, 2009, \$1,407,385 was disbursed to vendors by the bank for approved costs, including bank interest costs. The note was renewed by the District in 2009. In 2010, the District received approval from Johnson County Superior Court No. 1 to assess an exceptional benefits levy of \$15,000 on the 101 parcels that benefitted from these improvements. The note will be converted to a long term bank loan with payments being paid from the exceptional benefits collected.

NORTH LAKE CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Conservancy District has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|----------------------------|--------------------------------|---|
| Governmental activities: | | |
| Notes and loans payable: | | |
| Lake and dam improvements* | <u>\$ 1,407,385</u> | <u>\$ 1,521,658</u> |

*This note is anticipated to be refinanced into a permanent issue during 2010.

NORTH LAKE CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

An official bond for Deborah Shutta, Treasurer, was not recorded in the Office of County Recorder.

IC 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. . . ."

ANNUAL REPORT

The annual financial report required by the State Board of Accounts for 2009 was not presented for examination.

IC 5-11-1-4 states:

"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. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

NORTH LAKE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2010, with Ted Gephart, Chairman of the Board. The official concurred with our findings.