

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

PINE LAKE CONSERVANCY DISTRICT

LAPORTE COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
04/18/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Lisa Massey	01-01-12 to 12-31-17
Chairman of the Board	Greg Smith	01-01-12 to 12-31-12
	Paul Noveroske	01-01-13 to 12-31-13
	Tara Christenson	01-01-14 to 12-31-14
	Lara Reaves	01-01-15 to 12-31-15
	Mitch Biedul	01-01-16 to 12-31-16
	George Mares	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE PINE LAKE CONSERVANCY DISTRICT, LAPORTE COUNTY, INDIANA

We have examined the accompanying financial statements of the Pine Lake Conservancy District (District), for the period of January 1, 2012 to December 31, 2015. The District's management is responsible for the financial statements. 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 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 to the financial statements, the District prepares its financial statements 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 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, 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, 2012 to December 31, 2015.

In our opinion, the financial statements referred to above present, in all material respects, the financial position and results of operations of the District for the period of January 1, 2012 to December 31, 2015, based on the prescribed basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis 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.

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

March 22, 2017

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

PINE LAKE CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

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Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
B&I BNY	\$ 46,047	\$ 55,337	\$ 57,262	\$ 44,122	\$ 9,779	\$ 53,901	\$ -
B&I Fund	20,096	43,240	55,338	7,998	45,116	53,114	-
Debt Service Reserve	55,000	-	-	55,000	-	55,000	-
Replacement Fund	50,284	9,660	1,000	58,944	44,433	9,447	93,930
Operating Fund	<u>63,486</u>	<u>171,236</u>	<u>226,839</u>	<u>7,883</u>	<u>195,862</u>	<u>169,291</u>	<u>34,454</u>
Totals	<u>\$ 234,913</u>	<u>\$ 279,473</u>	<u>\$ 340,439</u>	<u>\$ 173,947</u>	<u>\$ 295,190</u>	<u>\$ 340,753</u>	<u>\$ 128,384</u>

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

PINE LAKE CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Replacement Fund II	\$ -	\$ 125,747	\$ -	\$ 125,747	\$ 80,383	\$ -	\$ 206,130
B&I Fund	-	40,220	40,220	-	-	-	-
Operating Fund	34,454	194,425	183,093	45,786	198,938	213,402	31,322
Replacement Fund	<u>93,930</u>	<u>29,208</u>	<u>82,618</u>	<u>40,520</u>	<u>-</u>	<u>-</u>	<u>40,520</u>
Totals	<u>\$ 128,384</u>	<u>\$ 389,600</u>	<u>\$ 305,931</u>	<u>\$ 212,053</u>	<u>\$ 279,321</u>	<u>\$ 213,402</u>	<u>\$ 277,972</u>

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

PINE LAKE 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 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 statements. The aggregate receipts include the following sources:

Utility fees. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

PINE LAKE CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Supplies. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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. 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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OTHER INFORMATION - UNEXAMINED

The District's Annual Financial 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 statements contained in this report and the financial information presented in the District's Annual Financial Report 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.

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

	B&I BNY	B&I Fund	Debt Service Reserve	Replacement Fund	Operating Fund	Totals
Cash and investments - beginning	\$ 46,047	\$ 20,096	\$ 55,000	\$ 50,284	\$ 63,486	\$ 234,913
Receipts:						
Utility fees	-	-	-	-	171,236	171,236
Other receipts	55,337	43,240	-	9,660	-	108,237
Total receipts	55,337	43,240	-	9,660	171,236	279,473
Disbursements:						
Other disbursements	57,262	55,338	-	1,000	226,839	340,439
Total disbursements	57,262	55,338	-	1,000	226,839	340,439
Excess (deficiency) of receipts over disbursements	(1,925)	(12,098)	-	8,660	(55,603)	(60,966)
Cash and investments - ending	\$ 44,122	\$ 7,998	\$ 55,000	\$ 58,944	\$ 7,883	\$ 173,947

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

	B&I BNY	B&I Fund	Debt Service Reserve	Replacement Fund	Operating Fund	Totals
Cash and investments - beginning	\$ 44,122	\$ 7,998	\$ 55,000	\$ 58,944	\$ 7,883	\$ 173,947
Receipts:						
Utility fees	-	-	-	-	195,862	195,862
Other receipts	9,779	45,116	-	44,433	-	99,328
Total receipts	9,779	45,116	-	44,433	195,862	295,190
Disbursements:						
Other services and charges	-	-	-	9,447	-	9,447
Debt service - principal and interest	-	-	51,997	-	-	51,997
Other disbursements	53,901	53,114	3,003	-	169,291	279,309
Total disbursements	53,901	53,114	55,000	9,447	169,291	340,753
Excess (deficiency) of receipts over disbursements	(44,122)	(7,998)	(55,000)	34,986	26,571	(45,563)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 93,930	\$ 34,454	\$ 128,384

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

	Replacement Fund II	B&I Fund	Operating Fund	Replacement Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 34,454	\$ 93,930	\$ 128,384
Receipts:					
Utility fees	-	-	194,425	-	194,425
Other receipts	125,747	40,220	-	29,208	195,175
Total receipts	125,747	40,220	194,425	29,208	389,600
Disbursements:					
Supplies	-	-	48,171	9,243	57,414
Other services and charges	-	-	53,518	-	53,518
Other disbursements	-	40,220	81,404	73,375	194,999
Total disbursements	-	40,220	183,093	82,618	305,931
Excess (deficiency) of receipts over disbursements	125,747	-	11,332	(53,410)	83,669
Cash and investments - ending	\$ 125,747	\$ -	\$ 45,786	\$ 40,520	\$ 212,053

PINE LAKE CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Replacement Fund II	B&I Fund	Operating Fund	Replacement Fund	Totals
Cash and investments - beginning	\$ 125,747	\$ -	\$ 45,786	\$ 40,520	\$ 212,053
Receipts:					
Utility fees	-	-	198,938	-	198,938
Other receipts	80,383	-	-	-	80,383
Total receipts	<u>80,383</u>	<u>-</u>	<u>198,938</u>	<u>-</u>	<u>279,321</u>
Disbursements:					
Personal services	-	-	12,000	-	12,000
Supplies	-	-	16,141	-	16,141
Other services and charges	-	-	105,107	-	105,107
Other disbursements	-	-	80,154	-	80,154
Total disbursements	<u>-</u>	<u>-</u>	<u>213,402</u>	<u>-</u>	<u>213,402</u>
Excess (deficiency) of receipts over disbursements	<u>80,383</u>	<u>-</u>	<u>(14,464)</u>	<u>-</u>	<u>65,919</u>
Cash and investments - ending	<u>\$ 206,130</u>	<u>\$ -</u>	<u>\$ 31,322</u>	<u>\$ 40,520</u>	<u>\$ 277,972</u>

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PINE LAKE CONSERVANCY DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2015

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	\$ 5,000
Infrastructure	2,000
Buildings	50,000
Machinery, equipment, and vehicles	1,248,876
Books and other	5,000
Total capital assets	\$ 1,310,876

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/>.