

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

EXAMINATION REPORT
OF
LAKE ELIZA AREA CONSERVANCY DISTRICT
PORTER COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
11/12/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Official Bond	8
Interest on Investments	8
Contracts	8
Delinquent Wastewater Accounts	8
Exit Conference.....	9

OFFICIALS

Office

Official

Term

Financial Clerk

Karen Giesler

01-01-06 to 12-31-08

Chairman of the Board
of Directors

Daniel P. Jones

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LAKE ELIZA AREA
CONSERVANCY DISTRICT, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of the Lake Eliza Area Conservancy District (District), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, 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 required parts 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

October 10, 2008

LAKE ELIZA AREA CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Fund: General	\$ 136,088	\$ 190,558	\$ 174,396	\$ 152,250
	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Fund: General	\$ 152,250	\$ 26,186	\$ 173,853	\$ 4,583
Proprietary Funds:				
Wastewater Operating	-	158,657	152,181	6,476
Wastewater Improvement	-	91,544	1,185	90,359
Wastewater Bond and Interest	-	31,423	-	31,423
Totals	<u>\$ 152,250</u>	<u>\$ 307,810</u>	<u>\$ 327,219</u>	<u>\$ 132,841</u>

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

LAKE ELIZA AREA CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides for the collection and treatment of sewage and other liquid waste.

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 prepared and approved at the local level.

Note 4. 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 5. Interfund Transfers

The District made the following interfund transfers for the year ended December 31, 2007:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>
General Fund	Wastewater Operating Fund	\$ 36,058
General Fund	Wastewater Improvement Fund	91,544
General Fund	Wastewater Bond and Interest Fund	<u>30,172</u>
Total		<u>\$ 157,774</u>

The interfund transfers were made to comply with the requirements of the bond resolution which authorized the issuance of revenue bonds in 1996. The resolution required the creation of three new funds to account for the revenues and expenses of the sewage works, and to provide for payment of principal and interest on the bonds.

LAKE ELIZA AREA CONSERVANCY DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2007

Capital assets are reported at actual cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 12,000
Improvements other than buildings	<u>2,946,176</u>
Total Wastewater Utility capital assets	<u>\$ 2,958,176</u>

LAKE ELIZA AREA CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Conservancy District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater Utility Revenue bonds:		
1996 Sewage Works Construction	\$ 320,000	\$ 48,252

LAKE ELIZA AREA CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

As stated in prior reports, the Financial Clerk's official bond was not filed in the Office of the County Recorder as required.

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. . . ."

INTEREST ON INVESTMENTS

Interest earned on investments was automatically added to the principal and not recorded in the records.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 15)

CONTRACTS

Payments totaling \$54,928 and \$80,378 were made in 2006 and 2007, respectively, for legal services, daily operation of the wastewater treatment plant and maintenance of the wastewater collection system. No contracts for these services were presented for examination.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

DELINQUENT WASTEWATER ACCOUNTS

As stated in prior reports, the district did not comply with state statutes concerning delinquent Wastewater accounts. Fees and penalties due and unpaid for at least ninety days had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 14-33-5-21(b) states in part:

"(b) In the same manner as provided by Indiana Code 36-9-23, the rates or charges made, assessed, or established by the district are a lien on a lot, parcel of land, or building that is connected with or uses the works by or through any part of the sewage system of the district. The liens:

- (1) Attach;
- (2) Are recorded;
- (3) Are subject to the same penalties, interest, and reasonable attorney's fees on recovery; and
- (4) Shall be collected and enforced; in substantially the same manner as provided in Indiana Code 36-9-23-31 through Indiana Code 36-9-23-32."

LAKE ELIZA AREA CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2008, with Karen Giesler, Financial Clerk; and Ethan Lowe, Attorney.