

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

EXAMINATION REPORT  
OF  
THIRTY NINE NORTH CONSERVANCY DISTRICT  
LAPORTE COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
10/28/2010



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OFFICIALS

Office

Official

Term

Financial Clerk

Susan Knoll

01-01-08 to 12-31-10

President of the Board

John H. Knoll

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 THIRTY NINE NORTH  
CONSERVANCY DISTRICT, LAPORTE COUNTY, INDIANA

We have examined the financial information presented herein of the Thirty Nine North 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 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

August 10, 2010

THIRTY NINE NORTH 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, 2008 And 2009

	Cash and Investments <u>01-01-08</u>	Receipts <u>          </u>	Disbursements <u>          </u>	Cash and Investments <u>12-31-08</u>
Governmental Fund:				
General Tax	\$          280	\$      645,530	\$      645,660	\$          150
Proprietary Funds:				
Water Operating	43,232	288,986	315,383	16,835
Sewer Operating	35,192	250,136	270,905	14,423
Bond and Interest	<u>1,923</u>	<u>123,329</u>	<u>125,141</u>	<u>111</u>
 Totals	 <u>\$      80,627</u>	 <u>\$   1,307,981</u>	 <u>\$   1,357,089</u>	 <u>\$      31,519</u>
	Cash and Investments <u>01-01-09</u>	Receipts <u>          </u>	Disbursements <u>          </u>	Cash and Investments <u>12-31-09</u>
Governmental Fund:				
General	\$          150	\$      694,646	\$      689,560	\$      5,236
Proprietary Funds:				
Water Operating	16,835	104,435	117,136	4,134
Sewer Operating	14,423	115,766	124,342	5,847
Bond and Interest	<u>111</u>	<u>102,182</u>	<u>96,427</u>	<u>5,866</u>
 Totals	 <u>\$      31,519</u>	 <u>\$   1,017,029</u>	 <u>\$   1,027,465</u>	 <u>\$      21,083</u>

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

THIRTY NINE NORTH 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: public health 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.

THIRTY NINE NORTH 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 Events

LaPorte County Property Taxes

LaPorte County has not completed and settled an approved property tax cycle since 2005 payable 2006 property tax year. Each subsequent year the County has sent out various forms of provisional bills with the notice that a reconciliation bill will be provided to taxpayers once assessments are approved and certified and final tax rates are established. These delays and uncertainties have resulted in lower than budgeted property tax collection rate for the District. It is undeterminable how much property tax collections the District will receive once all the reconciliation bills have been distributed and the collections received. Provisional bills for taxes payable in 2009 were due January 29, 2010. The District received their distribution on February 11, 2010.

THIRTY-NINE NORTH CONSERVANCY DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended December 31, 2009

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Buildings	7,913
Improvements other than buildings	4,420,408
Machinery and equipment	<u>33,653</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 4,461,974</u>

THIRTY NINE NORTH 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:		
Bonds payable:		
General obligation bonds:		
Sewage system improvement	<u>\$ 2,515,000</u>	<u>\$ 55,660</u>

THIRTY NINE NORTH CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances, for the years 2008 and 2009, were not presented for examination.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

OFFICIAL BOND - FINANCIAL CLERK

An official bond was not filed in the Office of the County Recorder for the financial clerk of the Conservancy District.

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. . . ."

THIRTY NINE NORTH CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2010, with Susan Knoll, Financial Clerk; and John H. Knoll, President of the Board. The officials concurred with our findings.