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

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



**FILED**  
11/19/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Dianne Foran	01-01-08 to 12-31-09
	Lisa Massey	01-01-10 to 12-31-10
Chairman of the Board	Richard Ostergren	01-01-08 to 12-31-08
	Timothy Dunifon	01-01-09 to 12-31-09
	Larry N. Reaves	01-01-10 to 12-31-10



**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 financial information presented herein of the Pine 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

September 16, 2010

PINE 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	\$ (81,780)	\$ 345,751	\$ 306,572	\$ (42,601)
Debt Service Reserve	53,670	65,590	54,260	65,000
Replacement	26,819	9,660	684	35,795
Bond and Interest	<u>26,407</u>	<u>232,553</u>	<u>153,657</u>	<u>105,303</u>
Totals	<u>\$ 25,116</u>	<u>\$ 653,554</u>	<u>\$ 515,173</u>	<u>\$ 163,497</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (42,601)	\$ 392,964	\$ 285,175	\$ 65,188
Debt Service Reserve	65,000	107	-	65,107
Replacement	35,795	9,660	2,350	43,105
Bond and Interest	<u>105,303</u>	<u>220,072</u>	<u>130,098</u>	<u>195,277</u>
Totals	<u>\$ 163,497</u>	<u>\$ 622,803</u>	<u>\$ 417,623</u>	<u>\$ 368,677</u>

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

PINE 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: sewage collection and treatment 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

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.

Note 6. Subsequent Event

The District allowed residents to prepay the capital portion of their monthly charges. On June 15, 2010, the District used these funds to prepay \$230,000, the principal payments due for the years 2015 through 2018, on their State Revolving Fund loan. The prepayment will save the District \$50,000 in interest charges over the life of the loan.

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

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loan payable:		
State Revolving Fund Loan	<u>\$ 475,000</u>	<u>\$ 60,838</u>

On June 15, 2010, the District prepaid \$230,000, the principal amounts due for the years 2015 through 2018.

PINE LAKE CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The annual reports (Special District Annual Reports) for 2008 and 2009 were not presented for examination. A similar comment appeared in the prior report.

IC 5-3-1-4 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.

OFFICIAL BONDS

The Financial Clerk's official bonds were not filed in the Office of the County Recorder. A similar comment appeared in the prior report.

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. . . ."

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. The District collects payments from customers which are due the 15<sup>th</sup> of each month. Payments are mailed to a post office box and remain there until the financial clerk retrieves them. A review of the 2008 and 2009 deposits of payments revealed that deposits were not always made in a timely manner. Deposits were made between two and four weeks after the 15th of the month. A similar comment appeared in the prior report.

IC 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

- General Receipt (General Form 352)
- Register of Daily Cash Receipts (Utility Form 313A)
- Consumer's Ledger - Municipal Wastewater Utility (Utility Form 324)

PINE LAKE CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The receipt used by the District is prenumbered and in duplicate; however, it is not the prescribed form or an alternatively approved form. Lists of cash receipts for deposits are made on a plain sheet of paper which is not a prescribed or approved form. In addition, the names and account numbers of only those who did not submit the payment stub are detailed. The District maintains an excel spreadsheet to track customer payments that is not a prescribed or approved form. The spreadsheet lists only the amount of the payment; it does not list the payment date, check number, or any penalty applied or paid. A similar comment was included in the prior report.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The District does not maintain capital asset records. A similar comment was included in the prior report.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CONTRACTS

Payments were made to Dianne Foran, Financial Clerk, for the years 2008 and 2009 without a contract. A similar comment was included in the prior report.

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)

PINE LAKE CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2010, with Dianne Foran, former Financial Clerk; Lisa Massey, Financial Clerk; and Larry N. Reaves, Chairman of the Board. The officials concurred with our findings.