

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, 2008 to December 31, 2010



FILED
04/12/2011

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OFFICIALS

Office

Official

Term

Financial Clerk

Karen Giesler

01-01-08 to 12-31-11

Chairman of the Board
Of Directors

Dan Jones
Leonard Albee
John Rayson

01-01-08 to 12-31-09
01-01-10 to 12-31-10
01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2008 to December 31, 2010. 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, 2009, and 2010, 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

March 1, 2011

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, 2008, 2009, And 2010

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Fund:				
General	\$ 4,583	\$ 6,870	\$ 166	\$ 11,287
Proprietary Funds:				
Wastewater Operating	6,476	142,981	110,278	39,179
Wastewater Improvement	90,359	-	40,557	49,802
Wastewater Bond and Interest	<u>31,423</u>	<u>1,417</u>	<u>-</u>	<u>32,840</u>
Totals	<u>\$ 132,841</u>	<u>\$ 151,268</u>	<u>\$ 151,001</u>	<u>\$ 133,108</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Fund:				
General	\$ 11,287	\$ 455	\$ 7,780	\$ 3,962
Proprietary Funds:				
Wastewater Operating	39,179	191,678	206,013	24,844
Wastewater Improvement	49,802	-	19,241	30,561
Wastewater Bond and Interest	<u>32,840</u>	<u>1,247</u>	<u>-</u>	<u>34,087</u>
Totals	<u>\$ 133,108</u>	<u>\$ 193,380</u>	<u>\$ 233,034</u>	<u>\$ 93,454</u>

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Governmental Fund:				
General	\$ 3,962	\$ 6,773	\$ 8,582	\$ 2,153
Proprietary Funds:				
Wastewater Operating	24,844	266,063	270,638	20,269
Wastewater Improvement	30,561	52,360	23,523	59,398
Wastewater Bond and Interest	34,087	83,310	102,384	15,013
Wastewater Maintenance	<u>-</u>	<u>14,200</u>	<u>5,649</u>	<u>8,551</u>
Totals	<u>\$ 93,454</u>	<u>\$ 422,706</u>	<u>\$ 410,776</u>	<u>\$ 105,384</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 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. 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.

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.

LAKE ELIZA AREA CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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>
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><u>2,958,176</u></u>

LAKE ELIZA CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The 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	\$ 230,000	\$ 47,884

LAKE ELIZA AREA CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

The District adopted a bond resolution which authorized the issuance of \$550,000 Sewage Works Revenue Bonds of 1996. The Bond and Interest Fund was created to pay the principal and interest to the bank, as required by the bond resolution. The District paid the principal and interest payments from the Wastewater Operating and Improvement Funds in 2008 and from the General and Wastewater Operating Funds in 2009 and 2010.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (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 90 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.

IC 14-33-5-21(b) states:

"(b) In the same manner as provided by IC 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 IC 36-9-23-31 through IC 36-9-23-32."

CONTRACTS

Payments were made for legal services totaling \$31,920 and operation management totaling \$65,733 for the years 2008, 2009, and 2010 without contracts.

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)

LAKE ELIZA AREA CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on March 1, 2011, with Steven V. Sandberg, Board member; Karen Giesler, Financial Clerk; and Ethan Lowe, Board Attorney.