

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

EXAMINATION REPORT
OF

LITTLE CALUMET RIVER BASIN
DEVELOPMENT COMMISSION
LAKE AND PORTER COUNTIES, INDIANA

January 1, 2008 to December 31, 2010



FILED
09/13/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Dan Gardner	01-01-08 to 09-26-08
	(Vacant)	09-27-08 to 10-15-08
	Jody Melton (Interim)	10-16-08 to 12-31-08
	(Vacant)	01-01-09 to 02-08-10
	Dan Repay	02-09-10 to 12-31-11
Treasurer	Kent Gurley	01-01-08 to 03-03-10
	(Vacant)	03-04-10 to 05-04-10
	Anthony Broadnax	05-05-10 to 12-31-11
Chairman of the Board	William Biller	01-01-08 to 12-31-08
	Daniel Dernulc	01-01-09 to 12-31-10
	William Baker	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 LITTLE CALUMET RIVER BASIN DEVELOPMENT
COMMISSION, LAKE AND PORTER COUNTIES, INDIANA

We have examined the financial statements of the Little Calumet River Basin Development Commission (Commission), for the period of January 1, 2008 to December 31, 2010. The Commission'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, the Commission prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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 basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Commission for the years ended December 31, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis 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 financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Commission's management, Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 8, 2011

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FINANCIAL STATEMENTS

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2008, 2009 and 2010

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 81,335	\$ 303,962	\$ 266,961	\$ 118,336
Land Acquisition	192,304	1,676,253	1,675,434	193,123
Corps Escrow Construction	813,989	1,394,959	2,190,821	18,127
Savings	89,505	1,144	80,771	9,878
Totals	<u>\$ 1,177,133</u>	<u>\$ 3,376,318</u>	<u>\$ 4,213,987</u>	<u>\$ 339,464</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 118,336	\$ 152,386	\$ 164,317	\$ 106,405
Land Acquisition	193,123	1,758,624	1,841,411	110,336
Corps Escrow Construction	18,127	3,324,582	2,900,127	442,582
Savings	9,878	5,006,277	4,719,731	296,424
Totals	<u>\$ 339,464</u>	<u>\$ 10,241,869</u>	<u>\$ 9,625,586</u>	<u>\$ 955,747</u>

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 106,405	\$ 315,274	\$ 310,047	\$ 111,632
Land Acquisition	110,336	5,342,844	5,249,757	203,423
Corps Escrow Construction	442,582	2,672,305	3,104,050	10,837
Savings	296,424	805,292	837,152	264,564
Totals	<u>\$ 955,747</u>	<u>\$ 9,135,715</u>	<u>\$ 9,501,006</u>	<u>\$ 590,456</u>

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

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Commission was established under the laws of the State of Indiana in accordance with Indiana Code 14-13-2. The Commission provides for the creation, development, maintenance, administration and operation of the park, recreation, marina, flood control and other public works projects within the Little Calumet River Basin. The Commission operates under an appointed governing board.

The accompanying financial statements present the financial information for the Commission (primary government), and does not include financial information for any of the Commission's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Commission (primary government.)

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 may include, but are not limited to, the following sources:

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Other services and charges which includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

F. Interfund Transfers

The Commission may, from time to time, transfer money 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 Commission. Each fund is used to account for money 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 Commission. The money 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 Commission 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. Budgets

The operating budget is initially prepared and approved at the local level.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 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 Commission 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.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. Risk Management

The Commission may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The Commission has purchased insurance which transfers the risk to an independent third party.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Commission's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008

	General	Land Acquisition	Corps Escrow Construction	Savings	Totals
Cash and investments - beginning	\$ 81,335	\$ 192,304	\$ 813,989	\$ 89,505	\$ 1,177,133
Receipts:					
Intergovernmental	72,706	1,600,929	-	-	1,673,635
Loan proceeds	-	-	1,381,000	-	1,381,000
Other receipts	<u>231,256</u>	<u>75,324</u>	<u>13,959</u>	<u>1,144</u>	<u>321,683</u>
Total receipts	<u>303,962</u>	<u>1,676,253</u>	<u>1,394,959</u>	<u>1,144</u>	<u>3,376,318</u>
Disbursements:					
Other services and charges	191,079	1,675,434	2,170,000	-	4,036,513
Other disbursements	<u>75,882</u>	<u>-</u>	<u>20,821</u>	<u>80,771</u>	<u>177,474</u>
Total disbursements	<u>266,961</u>	<u>1,675,434</u>	<u>2,190,821</u>	<u>80,771</u>	<u>4,213,987</u>
Excess (deficiency) of receipts over disbursements	<u>37,001</u>	<u>819</u>	<u>(795,862)</u>	<u>(79,627)</u>	<u>(837,669)</u>
Cash and investments - ending	<u>\$ 118,336</u>	<u>\$ 193,123</u>	<u>\$ 18,127</u>	<u>\$ 9,878</u>	<u>\$ 339,464</u>

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Land Acquisition	Corps Escrow Construction	Savings	Totals
Cash and investments - beginning	\$ 118,336	\$ 193,123	\$ 18,127	\$ 9,878	\$ 339,464
Receipts:					
Intergovernmental	-	513,680	-	-	513,680
Loan proceeds	-	-	-	4,619,000	4,619,000
Other receipts	152,386	1,244,944	3,324,582	387,277	5,109,189
Total receipts	152,386	1,758,624	3,324,582	5,006,277	10,241,869
Disbursements:					
Other services and charges	157,942	1,456,411	2,900,000	226,000	4,740,353
Other disbursements	6,375	385,000	127	4,493,731	4,885,233
Total disbursements	164,317	1,841,411	2,900,127	4,719,731	9,625,586
Excess (deficiency) of receipts over disbursements	(11,931)	(82,787)	424,455	286,546	616,283
Cash and investments - ending	\$ 106,405	\$ 110,336	\$ 442,582	\$ 296,424	\$ 955,747

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	<u>General</u>	<u>Land Acquisition</u>	<u>Corps Escrow Construction</u>	<u>Savings</u>	<u>Totals</u>
Cash and investments - beginning	\$ 106,405	\$ 110,336	\$ 442,582	\$ 296,424	\$ 955,747
Receipts:					
Intergovernmental	83,281	5,342,844	-	-	5,426,125
Other receipts	<u>231,993</u>	<u>-</u>	<u>2,672,305</u>	<u>805,292</u>	<u>3,709,590</u>
Total receipts	<u>315,274</u>	<u>5,342,844</u>	<u>2,672,305</u>	<u>805,292</u>	<u>9,135,715</u>
Disbursements:					
Other services and charges	271,319	2,544,243	3,097,379	25,909	5,938,850
Other disbursements	<u>38,728</u>	<u>2,705,514</u>	<u>6,671</u>	<u>811,243</u>	<u>3,562,156</u>
Total disbursements	<u>310,047</u>	<u>5,249,757</u>	<u>3,104,050</u>	<u>837,152</u>	<u>9,501,006</u>
Excess (deficiency) of receipts over disbursements	<u>5,227</u>	<u>93,087</u>	<u>(431,745)</u>	<u>(31,860)</u>	<u>(365,291)</u>
Cash and investments - ending	<u>\$ 111,632</u>	<u>\$ 203,423</u>	<u>\$ 10,837</u>	<u>\$ 264,564</u>	<u>\$ 590,456</u>

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Commission has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable*	\$ 6,000,000	\$ -

* The Northwest Indiana Regional Development Authority granted a loan to the Commission for the purpose of completing the Little Calumet River Basin project. The loan is to be repaid over the next several years through state appropriations contained in the biennial state budget for the project. However, neither a permanent funding mechanism or state funding has been obtained by the Commission in order to repay the loan. An amortization schedule, detailing when principal repayments are due, has yet to be established.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2011, with Dan Repay, Executive Director; Sandy Mordus, Office Manager; and Ron McAhron, Commission member. Our report disclosed no material items that warrant comment at this time.