

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

FISH LAKE CONSERVANCY DISTRICT

LAPORTE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
03/26/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Larry L. Wood	01-01-10 to 12-31-13
Chairman of the Board	Larry L. Wood	01-01-10 to 12-31-13



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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 FISH LAKE CONSERVANCY DISTRICT, LAPORTE COUNTY, INDIANA

We have examined the accompanying financial statements of the Fish Lake Conservancy District (District), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements 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 District 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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.

Bruce Hartman
State Examiner

February 26, 2013

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

FISH LAKE CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 130,380	\$ 56,971	\$ 75,367	\$ 111,984
Cumulative Improvement Fund	<u>16,725</u>	<u>7,755</u>	<u>-</u>	<u>24,480</u>
Totals	<u>\$ 147,105</u>	<u>\$ 64,726</u>	<u>\$ 75,367</u>	<u>\$ 136,464</u>

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

FISH LAKE CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General Fund	\$ 111,984	\$ 87,261	\$ 24,972	\$ 174,273
Cumulative Improvement Fund	<u>24,480</u>	<u>9,874</u>	<u>23,240</u>	<u>11,114</u>
Totals	<u>\$ 136,464</u>	<u>\$ 97,135</u>	<u>\$ 48,212</u>	<u>\$ 185,387</u>

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

FISH LAKE CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District.

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

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

E. Disbursements

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

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

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

FISH LAKE CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The District 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 District. 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 District. 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 District 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. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

FISH LAKE CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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. *Risk Management*

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; 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 purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. *Subsequent Events*

Property Taxes

LaPorte County (County) is behind in getting approved assessment amounts for county-wide properties. This has caused the County to bill property owners based on "provisional" tax bills until "reconciled" tax bills can be established. The County has prepared, delivered, and collected on reconciling bills for 2005 pay 2006 property tax bills through 2009 pay 2010 property tax bills. The County distributed reconciled bills for 2010 pay 2011 property tax bills in January 2013 with a due for payment from taxpayers that was February 14, 2013. The County is expecting to settle these taxes to governmental units by March 2013. The County is preparing a settlement of reconciling bills for the 2011 pay 2012 property tax bills to be ready by the summer of 2013.

These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the units of government within the County. It is undetermined how much property tax collections the County will receive once all the reconciliation bills have been distributed and the collections received.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the District. It is presented as intended by the District.

FISH LAKE CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	<u>General Fund</u>	<u>Cumulative Improvement Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 130,380	\$ 16,725	\$ 147,105
Receipts:			
Taxes	<u>56,971</u>	<u>7,755</u>	<u>64,726</u>
Disbursements:			
Supplies	99	-	99
Other services and charges	12,505	-	12,505
Other disbursements	<u>62,763</u>	<u>-</u>	<u>62,763</u>
Total disbursements	<u>75,367</u>	<u>-</u>	<u>75,367</u>
Excess (deficiency) of receipts over disbursements	<u>(18,396)</u>	<u>7,755</u>	<u>(10,641)</u>
Cash and investments - ending	<u>\$ 111,984</u>	<u>\$ 24,480</u>	<u>\$ 136,464</u>

FISH LAKE CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	<u>General Fund</u>	<u>Cumulative Improvement Fund</u>	<u>Totals</u>
Cash and investments - beginning	\$ 111,984	\$ 24,480	\$ 136,464
Receipts:			
Taxes	<u>87,261</u>	<u>9,874</u>	<u>97,135</u>
Disbursements:			
Supplies	149	-	149
Other services and charges	24,823	-	24,823
Other disbursements	<u>-</u>	<u>23,240</u>	<u>23,240</u>
Total disbursements	<u>24,972</u>	<u>23,240</u>	<u>48,212</u>
Excess (deficiency) of receipts over disbursements	<u>62,289</u>	<u>(13,366)</u>	<u>48,923</u>
Cash and investments - ending	<u>\$ 174,273</u>	<u>\$ 11,114</u>	<u>\$ 185,387</u>

FISH LAKE CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The District's fund balances in the 2011 Annual Financial Report do not agree to their fund balances in the General Ledger. In 2011, the General Ledger showed no activity for the Cumulative Improvement Fund, but other records provided for audit indicated otherwise.

Audit adjustments, approved by District officials, were made to the receipts, disbursements, and balances as presented in the Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis.

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 Special Districts, page 10-4)

TIMELY RECORDKEEPING

We noted instances of disbursements not being entered into the records until days, weeks, and even months from the time of the original date of the disbursement. Due to lack of timely recordkeeping, the cash balance of the General Fund at December 31, 2011, is inaccurate. The General Fund cash balance was overstated by \$8,602.57.

Audit adjustments, approved by District officials, were made to the receipts, disbursements, and balances as presented in the Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, page 10-15)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. For example, three disbursements totaling \$8,602.57 made in December 2011, which were not posted to the General Ledger timely and were outstanding as of December 31, 2011, were not included in the December reconciliation. We were able to perform other audit steps and complete an accurate reconciliation.

Indiana Code 5-13-6-1(e) states: "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."

FISH LAKE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2013, with Larry L. Wood, Treasurer and Chairman of the Board. The official concurred with our findings.