

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT

OF

VALPARAISO LAKES AREA CONSERVANCY DISTRICT

PORTER COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
09/21/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedules	5
Examination Result and Comment: Contributions to Unauthorized Pension Plan	6
Exit Conference	7

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Karl Bauer Katherine Kostantios (Interim) Robert A. Minarich	01-01-04 to 04-16-04 04-17-04 to 09-07-04 09-08-04 to 12-31-06
Financial Secretary	Katherine Kostantios	01-01-04 to 12-31-06
Chairman of the Board of Directors	Mark Ennes	01-01-04 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE VALPARAISO LAKES AREA CONSERVANCY
DISTRICT, PORTER COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Valparaiso Lakes Area Conservancy District (District), for the period of January 1, 2004 to December 31, 2005. The District's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 17, 2006

VALPARAISO LAKES 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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 75,913	\$ 192,486	\$ 176,327	\$ 92,072
Rainy Day	12,585	-	-	12,585
Cumulative Improvement	365,263	93,784	165,480	293,567
Proprietary Fund Types:				
Enterprise				
Water Utility:				
Operating	98,738	550,082	445,387	203,433
Customer Deposits	32,567	3,220	2,105	33,682
Wastewater Utility:				
Operating	<u>127,020</u>	<u>505,894</u>	<u>448,139</u>	<u>184,775</u>
Totals	<u>\$ 712,086</u>	<u>\$ 1,345,466</u>	<u>\$ 1,237,438</u>	<u>\$ 820,114</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 92,072	\$ 134,630	\$ 141,746	\$ 84,956
Rainy Day	12,585	14,015	-	26,600
Cumulative Improvement	293,567	42,585	9,684	326,468
Proprietary Fund Types:				
Enterprise				
Water Utility:				
Operating	203,433	442,865	443,107	203,191
Customer Deposits	33,682	3,240	2,000	34,922
Wastewater Utility:				
Operating	<u>184,775</u>	<u>434,543</u>	<u>465,598</u>	<u>153,720</u>
Totals	<u>\$ 820,114</u>	<u>\$ 1,071,878</u>	<u>\$ 1,062,135</u>	<u>\$ 829,857</u>

The accompanying notes are an integral part of the schedules.

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: water, wastewater, drainage improvement, erosion control and flood prevention and control.

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.

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. Long-Term Debt

The District has entered into a loan for a water project and lift station improvements. The outstanding principal at December 31, 2005, was \$142,100.

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
EXAMINATION RESULT AND COMMENT

CONTRIBUTIONS TO UNAUTHORIZED PENSION PLAN

As noted in prior audit reports, on July 19, 1995, the Board of Directors approved a Simplified Employee Pension Program (SEP) for District employees beginning August 1, 1995. They also approved employer contributions by the District of 4%. In the previous reports, officials were informed that there was no statutory authority for the SEP plan and they were advised to discontinue all employer contributions to the plan. The employer contributions to the SEP plan since its inception is \$69,977.

Political subdivisions may participate in the Public Employee's Retirement Fund. The benefits specified in Indiana Code 5-10.2 provide the retirement, disability, and survivor benefits for public employees. This is the only retirement plan in which political subdivisions may participate unless the unit established a pension plan before January 1, 1995. (Accounting and Uniform Compliance Guidelines Manual for Special District, Chapter 14)

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2006, with Mark Ennes, Chairman of the Board of Directors; Robert A. Minarich, General Manager; Katherine Kostantios, Financial Secretary; and David Hollenbeck, Attorney.