

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

VALPARAISO LAKES AREA CONSERVANCY DISTRICT

PORTER COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
12/13/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Robert A. Minarich	01-01-15 to 12-31-19
Financial Secretary	Dale D. Brewer	01-01-15 to 12-31-19
Chairman of the Board of Directors	Robert A. Garmon Thomas Kruse	01-01-15 to 12-31-16 01-01-17 to 12-31-19



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of the Valparaiso Lakes Area Conservancy District (District), for the period of January 1, 2015 to December 31, 2018. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. This includes determining that the basis of accounting the District uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statement on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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. Our conclusion is not modified with respect to this matter.

Other Matters

The combining schedules for January 1, 2015 to December 31, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. We have not audited or reviewed such information and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 6, 2019

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2015 and 2016

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15	Receipts	Disbursements	Cash and Investments 12-31-16
General Fund	\$ 216,656	\$ 232,278	\$ 246,848	\$ 202,086	\$ 211,350	\$ 188,655	\$ 224,781
Rainy Day	50,459	25	-	50,484	25	-	50,509
Cum'l Improvement	166,288	29,832	-	196,120	28,988	102,099	123,009
PAYROLL	563	267,587	267,533	617	280,049	279,990	676
OFFICE RENOVATION & ADDITION	-	-	-	-	275,000	250,839	24,161
Wastewater (Sewer) Operating	134,003	494,690	517,737	110,956	551,704	516,873	145,787
Water Operating Fund	275,979	488,319	436,659	327,639	770,205	768,282	329,562
Water Utility Customer Deposit	40,228	3,220	2,620	40,828	3,741	3,360	41,209
Totals	<u>\$ 884,176</u>	<u>\$ 1,515,951</u>	<u>\$ 1,471,397</u>	<u>\$ 928,730</u>	<u>\$ 2,121,062</u>	<u>\$ 2,110,098</u>	<u>\$ 939,694</u>

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

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
General Fund	\$ 224,781	\$ 226,395	\$ 168,351	\$ 282,825	\$ 238,937	\$ 176,413	\$ 345,349
Rainy Day	50,509	19,043	50,031	19,521	19,696	-	39,217
Cuml Improvement	123,009	30,705	89,222	64,492	31,109	10,466	85,135
PAYROLL	676	269,230	269,525	381	279,437	279,584	234
OFFICE RENOVATION & ADDITION	24,161	-	16,700	7,461	-	-	7,461
Wastewater (Sewer) Operating	145,787	496,897	536,093	106,591	519,147	506,984	118,754
Water Operating Fund	329,562	540,018	466,238	403,342	501,383	468,996	435,729
Water Utility Customer Deposit	41,209	3,261	2,720	41,750	5,293	2,620	44,423
Totals	<u>\$ 939,694</u>	<u>\$ 1,585,549</u>	<u>\$ 1,598,880</u>	<u>\$ 926,363</u>	<u>\$ 1,595,002</u>	<u>\$ 1,445,063</u>	<u>\$ 1,076,302</u>

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

VALPARAISO LAKES AREA 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 a 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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.

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 December 31 of the year preceding the budget year or January 15 of the budget year if the District is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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.

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, the following: 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.

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Pension Plan

The District has implemented a Simplified Employee Pension Plan (SEP) for all employees who wish to participate. Retirement benefits are determined and administered by the Board of Directors. Full-time employees are entitled to a 4 percent contribution of their base pay regardless of their contribution. Additional information regarding the plan may be obtained from the District.

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OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 Town's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the Town. It is presented as intended by the Town.

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	General Fund	Rainy Day	Cuml Improvement	PAYROLL	OFFICE RENOVATION & ADDITION	Wastewater (Sewer) Operating	Water Operating Fund	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ 216,656	\$ 50,459	\$ 166,288	\$ 563	\$ -	\$ 134,003	\$ 275,979	\$ 40,228	\$ 884,176
Receipts:									
Taxes	188,236	-	29,655	-	-	-	29,916	-	247,807
Utility fees	-	-	-	-	-	483,587	440,681	-	924,268
Penalties	-	-	-	-	-	8,583	1,541	-	10,124
Other receipts	44,042	25	177	267,587	-	2,520	16,181	3,220	333,752
Total receipts	232,278	25	29,832	267,587	-	494,690	488,319	3,220	1,515,951
Disbursements:									
Personal services	51,233	-	-	182,412	-	99,584	102,319	-	435,548
Other services and charges	82,238	-	-	-	-	6,278	6,278	-	94,794
Debt service - principal and interest	-	-	-	-	-	17,970	24,005	-	41,975
Capital outlay	83,722	-	-	-	-	-	-	-	83,722
Utility operating expenses	-	-	-	-	-	393,180	302,979	-	696,159
Other disbursements	29,655	-	-	85,121	-	725	1,078	2,620	119,199
Total disbursements	246,848	-	-	267,533	-	517,737	436,659	2,620	1,471,397
Excess (deficiency) of receipts over disbursements	(14,570)	25	29,832	54	-	(23,047)	51,660	600	44,554
Cash and investments - ending	\$ 202,086	\$ 50,484	\$ 196,120	\$ 617	\$ -	\$ 110,956	\$ 327,639	\$ 40,828	\$ 928,730

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	General Fund	Rainy Day	Cuml Improvement	PAYROLL	OFFICE RENOVATION & ADDITION	Wastewater (Sewer) Operating	Water Operating Fund	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ 202,086	\$ 50,484	\$ 196,120	\$ 617	\$ -	\$ 110,956	\$ 327,639	\$ 40,828	\$ 928,730
Receipts:									
Taxes	182,326	-	28,846	-	-	-	30,691	-	241,863
Utility fees	-	-	-	-	-	526,150	451,318	-	977,468
Penalties	-	-	-	-	-	8,702	1,542	-	10,244
Other receipts	29,024	25	142	280,049	275,000	16,852	286,654	3,741	891,487
Total receipts	211,350	25	28,988	280,049	275,000	551,704	770,205	3,741	2,121,062
Disbursements:									
Personal services	50,773	-	-	187,400	-	84,336	129,589	-	452,098
Supplies	98	-	-	-	-	-	-	-	98
Other services and charges	64,838	-	26,062	-	-	7,172	7,172	-	105,244
Debt service - principal and interest	-	-	-	-	-	17,970	21,642	-	39,612
Capital outlay	44,100	-	76,000	-	250,839	24,438	40,000	-	435,377
Utility operating expenses	-	-	-	-	-	366,375	284,251	-	650,626
Other disbursements	28,846	-	37	92,590	-	16,582	285,628	3,360	427,043
Total disbursements	188,655	-	102,099	279,990	250,839	516,873	768,282	3,360	2,110,098
Excess (deficiency) of receipts over disbursements	22,695	25	(73,111)	59	24,161	34,831	1,923	381	10,964
Cash and investments - ending	\$ 224,781	\$ 50,509	\$ 123,009	\$ 676	\$ 24,161	\$ 145,787	\$ 329,562	\$ 41,209	\$ 939,694

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	General Fund	Rainy Day	Cuml Improvement	PAYROLL	OFFICE RENOVATION & ADDITION	Wastewater (Sewer) Operating	Water Operating Fund	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ 224,781	\$ 50,509	\$ 123,009	\$ 676	\$ 24,161	\$ 145,787	\$ 329,562	\$ 41,209	\$ 939,694
Receipts:									
Taxes	195,520	-	30,634	-	-	-	31,044	-	257,198
Utility fees	-	-	-	-	-	486,904	455,158	-	942,062
Penalties	-	-	-	-	-	7,718	1,409	-	9,127
Other receipts	30,875	19,043	71	269,230	-	2,275	52,407	3,261	377,162
Total receipts	226,395	19,043	30,705	269,230	-	496,897	540,018	3,261	1,585,549
Disbursements:									
Personal services	48,794	-	-	183,373	-	64,709	141,038	-	437,914
Supplies	60	-	-	-	-	-	-	-	60
Other services and charges	62,213	-	50,000	-	-	7,232	7,232	-	126,677
Debt service - principal and interest	-	-	-	-	-	17,970	31,530	-	49,500
Capital outlay	7,620	50,000	39,222	-	16,700	11,698	-	-	125,240
Utility operating expenses	-	-	-	-	-	434,484	286,438	-	720,922
Other disbursements	49,664	31	-	86,152	-	-	-	2,720	138,567
Total disbursements	168,351	50,031	89,222	269,525	16,700	536,093	466,238	2,720	1,598,880
Excess (deficiency) of receipts over disbursements	58,044	(30,988)	(58,517)	(295)	(16,700)	(39,196)	73,780	541	(13,331)
Cash and investments - ending	\$ 282,825	\$ 19,521	\$ 64,492	\$ 381	\$ 7,461	\$ 106,591	\$ 403,342	\$ 41,750	\$ 926,363

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2018

	General Fund	Rainy Day	Cuml Improvement	PAYROLL	OFFICE RENOVATION & ADDITION	Wastewater (Sewer) Operating	Water Operating Fund	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ 282,825	\$ 19,521	\$ 64,492	\$ 381	\$ 7,461	\$ 106,591	\$ 403,342	\$ 41,750	\$ 926,363
Receipts:									
Taxes	207,307	-	31,016	-	-	-	30,866	-	269,189
Utility fees	-	-	-	-	-	507,709	454,063	-	961,772
Penalties	-	-	-	-	-	7,848	1,374	-	9,222
Other receipts	31,630	19,696	93	279,437	-	3,590	15,080	5,293	354,819
Total receipts	238,937	19,696	31,109	279,437	-	519,147	501,383	5,293	1,595,002
Disbursements:									
Personal services	52,216	-	-	183,978	-	69,454	142,638	-	448,286
Supplies	49	-	-	-	-	-	-	-	49
Other services and charges	68,129	-	-	-	-	3,807	3,807	-	75,743
Debt service - principal and interest	-	-	-	-	-	17,970	31,530	-	49,500
Capital outlay	5,353	-	10,466	-	-	-	-	-	15,819
Utility operating expenses	-	-	-	-	-	412,042	285,137	-	697,179
Other disbursements	50,666	-	-	95,606	-	3,711	5,884	2,620	158,487
Total disbursements	176,413	-	10,466	279,584	-	506,984	468,996	2,620	1,445,063
Excess (deficiency) of receipts over disbursements	62,524	19,696	20,643	(147)	-	12,163	32,387	2,673	149,939
Cash and investments - ending	\$ 345,349	\$ 39,217	\$ 85,135	\$ 234	\$ 7,461	\$ 118,754	\$ 435,729	\$ 44,423	\$ 1,076,302

VALPARAISO LAKES AREA CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2019, with Robert A. Minarich, General Manager; Dale D. Brewer, Financial Secretary; and Thomas Kruse, Chairman of the Board of Directors.