



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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November 10, 2021

To: The Officials of the Northeast Lake Conservancy District  
Northeast Lake Conservancy District  
1265 Castle Drive  
Franklin, IN 46131

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Northeast Lake Conservancy District. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly, in all material respects, the cash and investment balances of the Northeast Lake Conservancy District as of December 31, 2017, 2018, 2019, and 2020, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for the Northeast Lake Conservancy District was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**NORTHEAST LAKE CONSERVANCY DISTRICT**  
Johnson County, Indiana

**FINANCIAL STATEMENTS**  
December 31, 2017, 2018, 2019, and 2020

NORTHEAST LAKE CONSERVANCY DISTRICT  
Johnson County, Indiana

FINANCIAL STATEMENTS  
December 31, 2017, 2018, 2019, and 2020

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NORTHEAST LAKE CONSERVANCY DISTRICT  
SCHEDULE OF OFFICIALS (Unaudited)  
December 31, 2017, 2018, 2019, and 2020

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Deborah A. Shutta	01-01-17 to 12-31-19
	Janet Alexander	01-01-20 to 12-31-20
Chairman of the Board of Directors	David McDaniel	01-01-17 to 12-31-20

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Northeast Lake Conservancy District  
Johnson County, Indiana

**Report on the Financial Statement**

We have audited the accompanying statements of receipts, disbursements, and cash and investment balances of Northeast Lake Conservancy District (the District) as of and for the years ended December 31, 2017, 2018, 2019, and 2020, and the related notes (the financial statements).

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1. 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statements, the District prepares its financial statements on 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2017, 2018, 2019, and 2020, or changes in net position or cash flows thereof for the years then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investment balances of the District as of December 31, 2017, 2018, 2019, and 2020, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Officials and Supplementary Information Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
November 1, 2021

NORTHEAST LAKE CONSERVANCY DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Years Ended December 31, 2017 and 2018

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<u>Fund</u>	Cash and Investments <u>01-01-17</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-17</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-18</u>
General Fund	\$ 5,215	\$ 8,650	\$ 11,287	\$ 2,578	\$ 9,267	\$ 10,648	\$ 1,197
Rainy Day Fund	6,800	-	-	6,800	-	5,800	1,000
Cumulative Maintenance Fund	2,500	500	-	3,000	500	-	3,500
Debt Service	<u>20,104</u>	<u>16,226</u>	<u>21,273</u>	<u>15,057</u>	<u>15,543</u>	<u>7,092</u>	<u>23,508</u>
 Totals	 <u>\$ 34,619</u>	 <u>\$ 25,376</u>	 <u>\$ 32,560</u>	 <u>\$ 27,435</u>	 <u>\$ 25,310</u>	 <u>\$ 23,540</u>	 <u>\$ 29,205</u>

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See Independent Auditor's Report and notes to financial statements.

NORTHEAST LAKE CONSERVANCY DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 REGULATORY BASIS  
 For the Years Ended December 31, 2019 and 2020

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<u>Fund</u>	Cash and Investments <u>01-01-19</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-19</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-20</u>
General Fund	\$ 1,197	\$ 15,558	\$ 13,718	\$ 3,037	\$ 21,916	\$ 8,280	\$ 16,673
Rainy Day Fund	1,000	-	-	1,000	-	-	1,000
Cumulative Maintenance Fund	3,500	500	-	4,000	500	-	4,500
Debt Service	<u>23,508</u>	<u>21,540</u>	<u>24,116</u>	<u>20,932</u>	<u>15,503</u>	<u>14,509</u>	<u>21,926</u>
 Totals	 <u>\$ 29,205</u>	 <u>\$ 37,598</u>	 <u>\$ 37,834</u>	 <u>\$ 28,969</u>	 <u>\$ 37,919</u>	 <u>\$ 22,789</u>	 <u>\$ 44,099</u>

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See Independent Auditor's Report and notes to financial statements.

NORTHEAST LAKE CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017, 2018, 2019, and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 statement presents the financial information for the District.

Basis of Accounting: The financial statement is 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. As applicable, investments are stated at cost, rather than at fair value.

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.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Taxes*. Amounts received including 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.

*Other receipts*. Amounts received from various sources which can include, but are 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.

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

*Personal services*. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In the District 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 office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges*. Amounts disbursed for services including, but are not limited to: 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 general obligation indebtedness.

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(Continued)

NORTHEAST LAKE CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017, 2018, 2019, and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Other disbursements.* Amounts disbursed for various 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.

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.

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 District 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 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.

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(Continued)

NORTHEAST LAKE CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017, 2018, 2019, and 2020

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**NOTE 4 - DEPOSITS AND INVESTMENTS** (Continued)

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. The District purchased various insurance premiums for the years under audit and thus did not require a self-insurance fund.

**SUPPLEMENTAL SCHEDULES (Unaudited)**

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

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	<u>General Fund</u>	<u>Rainy Day Fund</u>	<u>Cumulative Maintenance Fund</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 5,215	\$ 6,800	\$ 2,500	\$ 20,104	\$ 34,619
Receipts:					
Taxes	8,641	-	-	-	8,641
Other receipts	<u>9</u>	<u>-</u>	<u>500</u>	<u>16,226</u>	<u>16,735</u>
Total receipts	<u>8,650</u>	<u>-</u>	<u>500</u>	<u>16,226</u>	<u>25,376</u>
Disbursements:					
Personal services	478	-	-	-	478
Supplies	4,378	-	-	-	4,378
Other services and charges	5,931	-	-	-	5,931
Debt service - principal and interest	-	-	-	21,273	21,273
Other disbursements	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Total disbursements	<u>11,287</u>	<u>-</u>	<u>-</u>	<u>21,273</u>	<u>32,560</u>
Excess (deficiency) of receipts over disbursements	<u>(2,637)</u>	<u>-</u>	<u>500</u>	<u>(5,047)</u>	<u>(7,184)</u>
Cash and investments - ending	<u>\$ 2,578</u>	<u>\$ 6,800</u>	<u>\$ 3,000</u>	<u>\$ 15,057</u>	<u>\$ 27,435</u>

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

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	<u>General Fund</u>	<u>Rainy Day Fund</u>	<u>Cumulative Maintenance Fund</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 2,578	\$ 6,800	\$ 3,000	\$ 15,057	\$ 27,435
Receipts:					
Taxes	9,261	-	-	-	9,261
Other receipts	<u>6</u>	<u>-</u>	<u>500</u>	<u>15,543</u>	<u>16,049</u>
Total receipts	<u>9,267</u>	<u>-</u>	<u>500</u>	<u>15,543</u>	<u>25,310</u>
Disbursements:					
Personal services	578	-	-	-	578
Supplies	2,172	-	-	-	2,172
Other services and charges	7,398	5,800	-	-	13,198
Debt service - principal and interest	-	-	-	7,092	7,092
Other disbursements	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Total disbursements	<u>10,648</u>	<u>5,800</u>	<u>-</u>	<u>7,092</u>	<u>23,540</u>
Excess (deficiency) of receipts over disbursements	<u>(1,381)</u>	<u>(5,800)</u>	<u>500</u>	<u>8,451</u>	<u>1,770</u>
Cash and investments - ending	<u>\$ 1,197</u>	<u>\$ 1,000</u>	<u>\$ 3,500</u>	<u>\$ 23,508</u>	<u>\$ 29,205</u>

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NORTHEAST LAKE CONSERVANCY DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2019

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	<u>General Fund</u>	<u>Rainy Day Fund</u>	<u>Cumulative Maintenance Fund</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 1,197	\$ 1,000	\$ 3,500	\$ 23,508	\$ 29,205
Receipts:					
Taxes	9,552	-	-	-	9,552
Other receipts	<u>6,006</u>	<u>-</u>	<u>500</u>	<u>21,540</u>	<u>28,046</u>
Total receipts	<u>15,558</u>	<u>-</u>	<u>500</u>	<u>21,540</u>	<u>37,598</u>
Disbursements:					
Personal services	599	-	-	-	599
Supplies	698	-	-	-	698
Other services and charges	5,921	-	-	-	5,921
Debt service - principal and interest	-	-	-	14,184	14,184
Other disbursements	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>9,932</u>	<u>16,432</u>
Total disbursements	<u>13,718</u>	<u>-</u>	<u>-</u>	<u>24,116</u>	<u>37,834</u>
Excess (deficiency) of receipts over disbursements	<u>1,840</u>	<u>-</u>	<u>500</u>	<u>(2,576)</u>	<u>(236)</u>
Cash and investments - ending	<u>\$ 3,037</u>	<u>\$ 1,000</u>	<u>\$ 4,000</u>	<u>\$ 20,932</u>	<u>\$ 28,969</u>

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NORTHEAST LAKE CONSERVANCY DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2020

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	<u>General Fund</u>	<u>Rainy Day Fund</u>	<u>Cumulative Maintenance Fund</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments - beginning	\$ 3,037	\$ 1,000	\$ 4,000	\$ 20,932	\$ 28,969
Receipts:					
Taxes	21,904	-	-	15,503	37,407
Other receipts	<u>12</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>512</u>
Total receipts	<u>21,916</u>	<u>-</u>	<u>500</u>	<u>15,503</u>	<u>37,919</u>
Disbursements:					
Personal services	399	-	-	-	399
Supplies	1,150	-	-	-	1,150
Other services and charges	6,231	-	-	-	6,231
Debt service - principal and interest	-	-	-	14,184	14,184
Other disbursements	<u>500</u>	<u>-</u>	<u>-</u>	<u>325</u>	<u>825</u>
Total disbursements	<u>8,280</u>	<u>-</u>	<u>-</u>	<u>14,509</u>	<u>22,789</u>
Excess (deficiency) of receipts over disbursements	<u>13,636</u>	<u>-</u>	<u>500</u>	<u>994</u>	<u>15,130</u>
Cash and investments - ending	<u>\$ 16,673</u>	<u>\$ 1,000</u>	<u>\$ 4,500</u>	<u>\$ 21,926</u>	<u>\$ 44,099</u>

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NORTHEAST LAKE CONSERVANCY DISTRICT  
SCHEDULE OF LEASES AND DEBT  
December 31, 2020

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<u>Description of Debt</u>		<u>Ending Principal</u>	<u>Principal and Interest Due Within One</u>
Governmental Activities: General Obligation Bonds	Dam Repair Project	<u>138,122</u>	<u>14,184</u>
Totals		<u>\$ 138,122</u>	<u>\$ 14,184</u>

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NORTHEAST LAKE CONSERVANCY DISTRICT  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2020

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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>Ending Balance</u>
Governmental Activities:	
Infrastructure	<u>210,004</u>
Total capital assets	<u>\$ 210,004</u>

NORTHEAST LAKE CONSERVANCY DISTRICT  
OTHER REPORT  
December 31, 2020

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The reports presented herein were prepared in addition to another official report prepared for the District as listed below:

Indiana State Board of Accounts Compliance Examination of the Northeast Lake Area Conservancy District.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.

NORTHEAST LAKE CONSERVANCY DISTRICT  
EXIT CONFERENCE  
January 1, 2017 to December 31, 2020

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The contents of this report were discussed on October 29, 2021 with Janet Alexander, Financial Clerk, Kim Richhart, Board Chairman, and Maria Petree, Secretary.