

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

EXAMINATION REPORT
OF
KICKAPOO CREEK CONSERVANCY DISTRICT
WARREN COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
02/24/2010

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OFFICIALS

Office

Official

Term

Financial Clerk

Phyllis B. Hartlep

01-01-07 to 12-31-10

President of the Board

Joseph Jones

01-01-07 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE KICKAPOO CREEK CONSERVANCY
DISTRICT, WARREN COUNTY, INDIANA

We have examined the financial information presented herein of the Kickapoo Creek Conservancy District (District), for the period of January 1, 2007 to December 31, 2008. The District's management is responsible for the financial information presented herein. 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 information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 1, 2010

KICKAPOO CREEK CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 28,403	\$ 9,408	\$ 12,311	\$ 25,500
Cumulative Maintenance	<u>11,500</u>	<u>1,000</u>	<u>-</u>	<u>12,500</u>
Totals	<u>\$ 39,903</u>	<u>\$ 10,408</u>	<u>\$ 12,311</u>	<u>\$ 38,000</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 25,500	\$ 17,663	\$ 20,417	\$ 22,746
Cumulative Maintenance	<u>12,500</u>	<u>1,000</u>	<u>-</u>	<u>13,500</u>
Totals	<u>\$ 38,000</u>	<u>\$ 18,663</u>	<u>\$ 20,417</u>	<u>\$ 36,246</u>

The accompanying notes are an integral part of the financial information.

KICKAPOO CREEK CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides flood control and drainage improvement.

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. However due to property tax reassessment, 2007 taxes became delinquent if not paid by June 29 and November 13; and 2008 taxes became delinquent if not paid by August 29 and November 10.

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. Restatement

The General Fund balance was misstated in the last examination report. At December 31, 2006, the General Fund cash balance was \$28,403 and it was erroneously reported as \$48,403.

KICKAPOO CREEK CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loans payable:		
Federal Housing Administration Promissory Note	\$ 21,836	\$ 4,719

KICKAPOO CREEK CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The Ledger of Appropriations, Encumbrances, Disbursements and Balances, General Form 359 and the Ledger of Receipts, Disbursements and Balances, General Form 358 were not used correctly by the District. They mistakenly transposed the intended purpose of the two forms when they began using them in 2008. Receipts, Disbursements and balances were posted on General Form 359 and the Appropriations were posted on General Form 358.

The Capital Asset Ledger, General Form 369 is not in use. Capital assets are considered material.

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 District, Chapter 10)

SALES TAX

During this examination period, the District again failed to claim exempt status on their utility purchases. Each month the District is billed for electricity consumption at their pumping station and each month sales tax fees were calculated and added to the electric usage fees. The District paid \$244.64 in sales tax in 2007 and \$247.40 in sales tax in 2008.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

KICKAPOO CREEK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2010, with Phyllis B. Hartlep, Financial Clerk. The official concurred with our findings.