

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

EXAMINATION REPORT
OF
AMO-COATESVILLE CONSERVANCY DISTRICT
HENDRICKS COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
09/12/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Ronald Slover	01-01-09 to 12-31-11
President of the Board	Willard L. Steagall	01-01-09 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF AMO-COATESVILLE CONSERVANCY DISTRICT,
HENDRICKS COUNTY, INDIANA

We have examined the financial statements of the Amo-Coatesville Conservancy District (District), for the period of January 1, 2009 to December 31, 2010. The District's management is responsible for the financial statements. 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 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 basis noted above is a different basis than that used in the prior year.

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 years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

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.

This report is intended solely for the information and use of the District's management, and the District governing board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 3, 2011

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FINANCIAL STATEMENTS

AMO - COATESVILLE CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2009

	Cash and Investments <u>01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-09</u>
Operating	\$ 126,724	\$ 106,905	\$ 96,802	\$ 136,827
Depreciation	4,476	12,019	-	16,495
Construction	<u>18,750</u>	<u>339</u>	<u>12,254</u>	<u>6,835</u>
Totals	<u>\$ 149,950</u>	<u>\$ 119,263</u>	<u>\$ 109,056</u>	<u>\$ 160,157</u>

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

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

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ 136,827	\$ 104,422	\$ 183,638	\$ 57,611
Depreciation	16,495	12,084	4,341	24,238
Construction	<u>6,835</u>	<u>1,833</u>	<u>-</u>	<u>8,668</u>
Totals	<u>\$ 160,157</u>	<u>\$ 118,339</u>	<u>\$ 187,979</u>	<u>\$ 90,517</u>

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

AMO - COATESVILLE 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 and provides wastewater services to residents of the towns of Amo and Coatesville.

The accompanying financial statements presents the financial information for the District (primary government), and does not include financial information for any of the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the District (primary government.)

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

Fines and forfeits which includes receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty.

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Utility receipts which are comprised mostly of charges for current services.

AMO - COATESVILLE 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 may include, but are not limited to, the following uses:

Personal services which includes outflows 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 which includes 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 includes, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance; and rental charges.

Debt service principle and interest which includes 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 which includes all outflows for land, infrastructure, buildings, improvements, machinery and equipment having an appreciable and calculable period of usefulness.

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

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.

AMO - COATESVILLE 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 are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 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 4. 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. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

AMO - COATESVILLE CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	<u>Operating</u>	<u>Depreciation</u>	<u>Construction</u>	<u>Totals</u>
Cash and investments - beginning	\$ 126,724	\$ 4,476	\$ 18,750	\$ 149,950
Receipts:				
Utility fees	106,385	-	-	106,385
Other receipts	<u>520</u>	<u>12,019</u>	<u>339</u>	<u>12,878</u>
Total receipts	<u>106,905</u>	<u>12,019</u>	<u>339</u>	<u>119,263</u>
Disbursements:				
Utility operating expenses	84,802	-	12,254	97,056
Other disbursements	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
Total disbursements	<u>96,802</u>	<u>-</u>	<u>12,254</u>	<u>109,056</u>
Excess (deficiency) of receipts over disbursements	<u>10,103</u>	<u>12,019</u>	<u>(11,915)</u>	<u>10,207</u>
Cash and investments - ending	<u>\$ 136,827</u>	<u>\$ 16,495</u>	<u>\$ 6,835</u>	<u>\$ 160,157</u>

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

	<u>Operating</u>	<u>Depreciation</u>	<u>Construction</u>	<u>Totals</u>
Cash and investments - beginning	\$ 136,827	\$ 16,495	\$ 6,835	\$ 160,157
Receipts:				
Utility fees	104,096	-	-	104,096
Other receipts	<u>326</u>	<u>12,084</u>	<u>1,833</u>	<u>14,243</u>
Total receipts	<u>104,422</u>	<u>12,084</u>	<u>1,833</u>	<u>118,339</u>
Disbursements:				
Capital Outlay	-	4,341	-	4,341
Utility operating expenses	171,638	-	-	171,638
Other disbursements	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
Total disbursements	<u>183,638</u>	<u>4,341</u>	<u>-</u>	<u>187,979</u>
Excess (deficiency) of receipts over disbursements	<u>(79,216)</u>	<u>7,743</u>	<u>1,833</u>	<u>(69,640)</u>
Cash and investments - ending	<u>\$ 57,611</u>	<u>\$ 24,238</u>	<u>\$ 8,668</u>	<u>\$ 90,517</u>

AMO-COATESVILLE CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Construction	2009	\$ 832
Operating	2010	53,336

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OFFICIAL BONDS

The following official bonds were not filed in the Office of the County Recorder:

Ron Slover, Financial Clerk
Sherry Stanley, Billing Clerk

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

AMO-COATESVILLE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed August 3, 2011, with Ronald Slover, Financial Clerk.
The official concurred with our findings.