

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

EXAMINATION REPORT  
OF  
KANKAKEE RIVER BASIN COMMISSION  
PORTER COUNTY, INDIANA  
January 1, 2008 to December 31, 2010



**FILED**  
10/24/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Jody Melton	01-01-08 to 12-31-11
Treasurer	Kevin Breitzke	01-01-08 to 12-31-11
Chairman of the Commission	Chris Knochel	01-01-08 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE KANKAKEE RIVER BASIN COMMISSION, PORTER COUNTY, INDIANA

We have examined the financial statement of the Kankakee River Basin Commission (Commission), for the period of January 1, 2008 to December 31, 2010. The Commission's management is responsible for the financial statement. 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 statement 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 Commission prepares its financial statement 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 statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Commission for the years ended December 31, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statements. It has not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on it.

The Commission's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Commission's management, the Kankakee River Basin Commission, 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

July 28, 2011

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FINANCIAL STATEMENT

KANKAKEE RIVER BASIN COMMISSION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2008, 2009, and 2010

	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
Governmental Fund: General	<u>\$ 848,024</u>	<u>\$ 196,126</u>	<u>\$ 255,571</u>	<u>\$ 788,579</u>
	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
Governmental Fund: General	<u>\$ 788,579</u>	<u>\$ 296,362</u>	<u>\$ 458,392</u>	<u>\$ 626,549</u>
	<u>Cash and Investments 01-01-10</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-10</u>
Governmental Fund: General	<u>\$ 626,549</u>	<u>\$ 718,963</u>	<u>\$ 360,781</u>	<u>\$ 984,731</u>

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

KANKAKEE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Commission was established under the laws of the State of Indiana. The Commission coordinates the development of the River Basin. The following counties participate in the River Basin: Lake, Porter, LaPorte, St. Joseph, Newton, Jasper, Starke, and Marshall.

B. Basis of Accounting

The financial statement is 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 statement. The aggregate receipts may include, but are not limited to, the following sources:

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records; copy machine charges; accident report copies, gun permit applications, 911 telephone services; recycling fees, dog pound fees; emergency medical service fees, park rental fees; swimming pool receipts; cable tv receipts; ordinance violations; fines and fees, bond forfeitures, court costs, and court receipts.

Sale of investments which includes investments sold by the Commission.

KANKAKEE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include, but are not limited to, the following uses:

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.

Purchase of investments which includes investments purchased by the Commission.

G. Fund Accounting

The Commission 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 2. Budgets

The Commission does not prepare an operating budget.

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 City 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 Commission 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.

KANKAKEE RIVER BASIN COMMISSION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 Commission 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 Commission by recording as a disbursement and replacement items purchased.

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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/](http://www.in.gov/itp/annual_reports/).

KANKAKEE RIVER BASIN COMMISSION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Years Ended December 31, 2008, 2009, and 2010

	01-01-08 to 12-31-08 <u>General</u>	01-01-09 to 12-31-09 <u>General</u>	01-01-10 to 12-31-10 <u>General</u>
Cash and investments - beginning	\$ 848,024	\$ 788,579	\$ 626,549
Receipts:			
Intergovernmental	-	-	-
Miscellaneous Revenue	196,126	296,362	718,963
Other receipts	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>196,126</u>	<u>296,362</u>	<u>718,963</u>
Disbursements:			
Personal services	-	-	-
Supplies	190	-	53
Other services and charges	254,726	458,392	347,849
Capital outlay	-	-	-
Other disbursements	<u>655</u>	<u>-</u>	<u>12,879</u>
Total disbursements	<u>255,571</u>	<u>458,392</u>	<u>360,781</u>
Excess (deficiency) of receipts over disbursements	<u>(59,445)</u>	<u>(162,030)</u>	<u>358,182</u>
Cash and investments - ending	<u>\$ 788,579</u>	<u>\$ 626,549</u>	<u>\$ 984,731</u>

KANKAKEE RIVER BASIN COMMISSION  
EXAMINATION RESULT AND COMMENT

***OVERPAYMENT OF TRAVEL EXPENSES***

We reviewed travel reimbursements as submitted by the members of the Commission. We found that Kenneth Purze submitted receipts for reimbursement totaling \$773.32. However, he was erroneously paid \$1,106.32 which results in an overpayment of \$333.00. We requested Mr. Purze to reimburse the Commission for the overpayment.

Mr. Purze immediately reimbursed the Commission \$333 on August 2, 2011, recorded on Receipt 5185.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

KANKAKEE RIVER BASIN COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2011, with Jody Melton, Director; Kevin Breitzke, Treasurer; and Kelly Wenger, Accountant. The Official Response has been made a part of this report and may be found on page 15.



# Kankakee River Basin Commission

6100 Southport Road Portage, Indiana 46368

(219) 763-0696  
Fax (219) 762-1653

August 30, 2011

To Whom It May Concern:

## OFFICIAL RESPONSE

The Kankakee River Basin Commission is aware of the overpayment to Mr. Ken Purze. When we were informed that an overpayment had been made, we immediately notified Mr. Purze. We sent him a copy of his stated bill pointing out the error, and he immediately wrote a check to reimburse the KRBC for the overpayment.

Sincerely,

Mr. Jody Melton  
Executive Director