

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

UPPER WABASH RIVER BASIN COMMISSION

WELLS COUNTY, INDIANA

January 1, 2002 to December 31, 2011



FILED
10/16/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brad Daniels	01-01-02 to 02-10-03
	Lynn Dettmer	02-11-03 to 02-09-04
	John Friedt (Deceased)	02-10-04 to 02-07-05
	Jarrold Hahn	02-08-05 to 12-31-12
Chairman of the Board of Directors	Randy Plummer	01-01-02 to 02-09-04
	Doug Bauman	02-10-04 to 02-13-12
	Ryan Noblitt	02-14-12 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE UPPER WABASH RIVER
BASIN COMMISSION, WELLS COUNTY, INDIANA

We have examined the accompanying financial statement of the Upper Wabash River Basin Commission (Commission), for the years ended December 31, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011. The financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statement 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 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.

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, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Commission's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Commission's management, Board of Directors, and others within the entity 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

September 13, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Commission. The financial statement and notes are presented as intended by the Commission.

UPPER WABASH RIVER BASIN COMMISSION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Years Ended December 31, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011

General Fund	2002	2003	2004	2005	2006
Cash and Investments, January 1	\$ -	\$ 1,460	\$ 5,916	\$ 9,313	\$ 11,816
Receipts	2,548	6,500	4,020	24,429	57,732
Disbursements	<u>1,088</u>	<u>2,044</u>	<u>623</u>	<u>21,926</u>	<u>58,542</u>
Cash and Investments, December 31	<u>\$ 1,460</u>	<u>\$ 5,916</u>	<u>\$ 9,313</u>	<u>\$ 11,816</u>	<u>\$ 11,006</u>

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

UPPER WABASH RIVER BASIN COMMISSION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Years Ended December 31, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011
(Continued)

General Fund	2007	2008	2009	2010	2011
Cash and Investments, January 1	\$ 11,006	\$ 26,145	\$ 29,350	\$ 24,163	\$ 28,022
Receipts	42,005	5,817	5,334	53,991	60,434
Disbursements	<u>26,866</u>	<u>2,612</u>	<u>10,521</u>	<u>50,132</u>	<u>60,336</u>
Cash and Investments, December 31	<u>\$ 26,145</u>	<u>\$ 29,350</u>	<u>\$ 24,163</u>	<u>\$ 28,022</u>	<u>\$ 28,120</u>

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

UPPER WABASH 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 operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Commission.

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 include the following sources:

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are 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.

Other receipts which include 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.

E. Disbursements

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

UPPER WABASH RIVER BASIN COMMISSION
NOTES TO FINANCIAL STATEMENT
(Continued)

Supplies which include 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 include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Other disbursements which include, but are 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. Fund Accounting

Separate funds are established, maintained, and reported by the Commission. 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 Commission. 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 Commission 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.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The administrative secretary of the Commission submits a proposed operating budget to the governing board for the following calendar year.

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 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 Commission 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.

UPPER WABASH 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Commission's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Commission which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Commission. It is presented as intended by the Commission.

UPPER WABASH RIVER BASIN COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Years Ended December 31, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011

<u>General Fund</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Cash and investments - beginning	\$ -	\$ 1,460	\$ 5,916	\$ 9,313	\$ 11,816
Receipts:					
Intergovernmental	2,500	6,500	4,000	19,380	57,682
Other receipts	<u>48</u>	<u>-</u>	<u>20</u>	<u>5,049</u>	<u>50</u>
Total receipts	<u>2,548</u>	<u>6,500</u>	<u>4,020</u>	<u>24,429</u>	<u>57,732</u>
Disbursements:					
Supplies	270	97	111	285	537
Other services and charges	818	1,947	512	21,641	58,005
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>1,088</u>	<u>2,044</u>	<u>623</u>	<u>21,926</u>	<u>58,542</u>
Excess (deficiency) of receipts over disbursements	<u>1,460</u>	<u>4,456</u>	<u>3,397</u>	<u>2,503</u>	<u>(810)</u>
Cash and investments - ending	<u>\$ 1,460</u>	<u>\$ 5,916</u>	<u>\$ 9,313</u>	<u>\$ 11,816</u>	<u>\$ 11,006</u>

UPPER WABASH RIVER BASIN COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Years Ended December 31, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, and 2011
 (Continued)

<u>General Fund</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Cash and investments - beginning	\$ 11,006	\$ 26,145	\$ 29,350	\$ 24,163	\$ 28,022
Receipts:					
Intergovernmental	41,938	5,500	4,500	53,981	60,421
Other receipts	<u>67</u>	<u>317</u>	<u>834</u>	<u>10</u>	<u>13</u>
Total receipts	<u>42,005</u>	<u>5,817</u>	<u>5,334</u>	<u>53,991</u>	<u>60,434</u>
Disbursements:					
Supplies	350	199	453	1,109	637
Other services and charges	26,516	2,413	10,068	49,023	43,628
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,071</u>
Total disbursements	<u>26,866</u>	<u>2,612</u>	<u>10,521</u>	<u>50,132</u>	<u>60,336</u>
Excess (deficiency) of receipts over disbursements	<u>15,139</u>	<u>3,205</u>	<u>(5,187)</u>	<u>3,859</u>	<u>98</u>
Cash and investments - ending	<u>\$ 26,145</u>	<u>\$ 29,350</u>	<u>\$ 24,163</u>	<u>\$ 28,022</u>	<u>\$ 28,120</u>

UPPER WABASH RIVER BASIN COMMISSION
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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:	
Machinery, equipment and vehicles	<u>\$ 1,325</u>

UPPER WABASH RIVER BASIN COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2012, with Stacia L. Henderson, Administrative Secretary. Our examination disclosed no material items that warrant comment at this time.