

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

OAK PARK CONSERVANCY DISTRICT

CLARK COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
11/19/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent of Operations Water and Wastewater Utilities	David A. Meyer Keith Ingram	01-01-10 to 02-29-12 03-01-12 to 12-31-12
Superintendent of Operations Storm Water Utility	Bryan R. Wallace	01-01-10 to 12-31-12
Financial Clerk	Amy R. Burton	01-01-10 to 12-31-12
Chairman of the Board of Directors	Bruce Herdt Charlie W. Milburn Marshall E. Johnson	01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OAK PARK CONSERVANCY DISTRICT, CLARK COUNTY, INDIANA

We have examined the accompanying financial statements of the Oak Park Conservancy District (District), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements 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 (Indiana Code 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, 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 District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Debt, 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 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, 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 25, 2012

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FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Water	\$ 58,966	\$ 134,621	\$ 126,951	\$ 66,636
Sewer General	272,011	2,133,994	2,078,192	327,813
Cumulative Improvement Fund	970,018	1,171,568	1,162,764	978,822
Payroll	35,752	672,646	677,601	30,797
Special Meter Deposit	1,160	998	1,314	844
Storm Water Drainage	88,092	679,555	599,530	168,117
Petty Cash Box	-	225	-	225
Water Receipt Change Box	-	200	-	200
Rainy Day	125,262	29,550	-	154,812
Totals	<u>\$ 1,551,261</u>	<u>\$ 4,823,357</u>	<u>\$ 4,646,352</u>	<u>\$ 1,728,266</u>

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

OAK PARK CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Sewer General	\$ 327,813	\$ 1,572,397	\$ 1,536,761	\$ 363,449
Drainage Fund	168,117	401,813	426,128	143,802
Rainy Day	154,812	-	-	154,812
Cumulative Improvement Fund	978,822	449,096	643,697	784,221
Payroll	30,797	674,404	687,831	17,370
Petty Cash Box	225	588	588	225
Water	66,636	116,759	140,040	43,355
Special Meter Deposit	844	352	1,196	-
Water Cash Change	200	-	-	200
Totals	<u>\$ 1,728,266</u>	<u>\$ 3,215,409</u>	<u>\$ 3,436,241</u>	<u>\$ 1,507,434</u>

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

OAK PARK 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.

The accompanying financial statements present the financial information for the District.

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 (Indiana Code 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 the following sources:

Taxes which can include one or more of the following: property taxes

Charges for services which can include, but are not limited to the following: sewage fees and rental of property.

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

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; and fiduciary receipts.

E. Disbursements

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

Personal services include 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.

OAK PARK CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(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.

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

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, and transfers out that are authorized by statute, ordinance, resolution, or court order.

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.

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 is subject to final approval by the Indiana Department of Local Government Finance.

OAK PARK CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 (Indiana Code 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 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 (Indiana Code 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 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 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.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the District

OAK PARK CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

Note 7. Sale of Water Utility

The District sold their Water Utility to a private utility on January 18, 2012. The District received \$44, 200 from the sale.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District'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 statements contained in this report and the financial information presented in the Annual Reports of the District which are 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 District. It is presented as intended by the District.

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

	Water	Sewer General	Cumulative Improvement Fund	Payroll	Special Meter Deposit	Storm Water Drainage	Petty Cash Box	Water Receipt Change Box	Rainy Day	Totals
Cash and investments - beginning	\$ 58,966	\$ 272,011	\$ 970,018	\$ 35,752	\$ 1,160	\$ 88,092	\$ -	\$ -	\$ 125,262	\$ 1,551,261
Receipts:										
Taxes	-	1,454,919	133,142	-	-	468,796	-	-	-	2,056,857
Licenses and permits	-	-	4,800	-	-	-	-	-	-	4,800
Fines and forfeits	-	13,923	-	-	-	-	-	-	-	13,923
Utility fees	110,622	-	-	-	-	-	-	-	-	110,622
Other receipts	23,999	665,152	1,033,626	672,646	998	210,759	225	200	29,550	2,637,155
Total receipts	134,621	2,133,994	1,171,568	672,646	998	679,555	225	200	29,550	4,823,357
Disbursements:										
Personal services	-	524,701	-	677,601	-	161,791	-	-	-	1,364,093
Supplies	-	73,332	-	-	-	2,048	-	-	-	75,380
Other services and charges	-	924,878	95,361	-	-	294,999	-	-	-	1,315,238
Capital outlay	1,539	10,907	-	-	-	6,768	-	-	-	19,214
Utility operations	124,642	-	-	-	-	-	-	-	-	124,642
Other disbursements	770	544,374	1,067,403	-	1,314	133,924	-	-	-	1,747,785
Total disbursements	126,951	2,078,192	1,162,764	677,601	1,314	599,530	-	-	-	4,646,352
Excess (deficiency) of receipts over disbursements	7,670	55,802	8,804	(4,955)	(316)	80,025	225	200	29,550	177,005
Cash and investments - ending	\$ 66,636	\$ 327,813	\$ 978,822	\$ 30,797	\$ 844	\$ 168,117	\$ 225	\$ 200	\$ 154,812	\$ 1,728,266

OAK PARK CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Sewer General	Drainage Fund	Rainy Day	Cumulative Improvement Fund	Payroll	Petty Cash Box	Water	Special Meter Deposit	Water Cash Change	Totals
Cash and investments - beginning	\$ 327,813	\$ 168,117	\$ 154,812	\$ 978,822	\$ 30,797	\$ 225	\$ 66,636	\$ 844	\$ 200	\$ 1,728,266
Receipts:										
Taxes	1,267,070	391,484	-	129,269	-	-	-	-	-	1,787,823
Charges for services	19,330	-	-	-	-	6	-	-	-	19,336
Utility fees	-	-	-	-	-	-	109,628	352	-	109,980
Other receipts	285,997	10,329	-	319,827	674,404	582	7,131	-	-	1,298,270
Total receipts	<u>1,572,397</u>	<u>401,813</u>	<u>-</u>	<u>449,096</u>	<u>674,404</u>	<u>588</u>	<u>116,759</u>	<u>352</u>	<u>-</u>	<u>3,215,409</u>
Disbursements:										
Personal services	491,269	123,102	-	-	659,336	-	-	-	-	1,273,707
Supplies	81,960	8,316	-	-	-	322	-	-	-	90,598
Other services and charges	320,573	183,700	-	198,277	-	266	-	-	-	702,816
Debt service - principal and interest	155,207	-	-	150,000	-	-	-	-	-	305,207
Capital outlay	194,101	95,738	-	-	-	-	9,197	-	-	299,036
Utility operating expenses	-	-	-	-	-	-	130,843	-	-	130,843
Other disbursements	293,651	15,272	-	295,420	28,495	-	-	1,196	-	634,034
Total disbursements	<u>1,536,761</u>	<u>426,128</u>	<u>-</u>	<u>643,697</u>	<u>687,831</u>	<u>588</u>	<u>140,040</u>	<u>1,196</u>	<u>-</u>	<u>3,436,241</u>
Excess (deficiency) of receipts over disbursements	<u>35,636</u>	<u>(24,315)</u>	<u>-</u>	<u>(194,601)</u>	<u>(13,427)</u>	<u>-</u>	<u>(23,281)</u>	<u>(844)</u>	<u>-</u>	<u>(220,832)</u>
Cash and investments - ending	<u>\$ 363,449</u>	<u>\$ 143,802</u>	<u>\$ 154,812</u>	<u>\$ 784,221</u>	<u>\$ 17,370</u>	<u>\$ 225</u>	<u>\$ 43,355</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 1,507,434</u>

OAK PARK CONSERVANCY DISTRICT
SCHEDULE OF DEBT
December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Bond 1995 Construction-Wastewater Treatment Plant	\$ 415,000	\$ 157,390
General obligation bonds	Bond 2000 Construction-Wastewater Treatment Plant	<u>950,000</u>	<u>145,018</u>
Total governmental activities		<u>1,365,000</u>	<u>302,408</u>
Totals		<u>\$ 1,365,000</u>	<u>\$ 302,408</u>

OAK PARK CONSERVANCY DISTRICT
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.

	Ending Balance
Governmental activities:	
Land	\$ 2,614,518
Infrastructure	349,213
Buildings	1,314,263
Machinery, equipment and vehicles	1,487,494
Total governmental activities	5,765,488
Water Utility: (Note 1)	
Infrastructure	119,379
Improvements other than buildings	123,448
Machinery, equipment and vehicles	147,714
Total Water Account	390,541
Total capital assets	\$ 6,156,029

Note 1: The assets of the Water Utility were sold on January 18, 2012.

OAK PARK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 25, 2012, with Amy R. Burton, Financial Clerk; Charlie W. Milburn, Director; Keith Ingram, Superintendent of Operations Water and Wastewater Utilities; and Bryan R. Wallace, Superintendent of Operations Storm Water Utility. Our examination disclosed no material items that warrant comment at this time.