

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

CLEAR CREEK CONSERVANCY DISTRICT

PUTNAM COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
12/27/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-17
Schedule of Payables and Receivables	18
Schedule of Capital Assets.....	19
Examination Results and Comments:	
Appropriations.....	20
Transaction Recording	20
Exit Conference.....	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Katheryn E. Deer	01-01-10 to 12-31-12
President of the Board	Robert Hansen	01-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CLEAR CREEK CONSERVANCY DISTRICT, PUTNAM COUNTY, INDIANA

We have examined the accompanying financial statements of the Clear Creek 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 (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 period.

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 Payables and Receivables, 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, Conservancy Board, 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

October 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.

CLEAR CREEK 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
General	\$ 97,159	\$ 1,517,196	\$ 1,601,308	\$ 13,047
Cumulative Improvement	262,292	86,940	30,000	319,232
Sewer Connection Fund	268,353	13,010	-	281,363
Cumulative Maintenance	108,693	11,574	-	120,267
Sewer 94 Eba	148,253	54,217	202,470	-
Sewer 99 Eba	519,834	155,292	349,141	325,985
Sewer 01 Eba	389,160	69,261	148,047	310,374
Dam & Spillway Repair Fund	541,120	114,497	-	655,617
Sewer Renovation Fund	551,466	60,313	-	611,779
Equipment Depreciation Fund	43,044	2,016	-	45,060
Totals	<u>\$ 2,929,374</u>	<u>\$ 2,084,316</u>	<u>\$ 2,330,966</u>	<u>\$ 2,682,724</u>

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

CLEAR CREEK 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
General Fund	\$ 13,047	\$ 1,925,096	\$ 1,910,249	\$ 27,894
Cumulative Improvement	319,232	85,808	-	405,040
Cumulative Maintenance	120,267	60,169	-	180,436
Dam & Spillway Repair Fund	655,617	111,545	-	767,162
Equipment Depreciation Fund	45,060	1,353	-	46,413
Sewer 01 Eba	310,374	50,523	360,896	1
Sewer 99 Eba	325,985	136,257	462,242	-
Sewer Connection Fund	281,363	11,065	100,000	192,428
Sewer Renovation Fund	611,779	108,597	-	720,376
Totals	<u>\$ 2,682,724</u>	<u>\$ 2,490,413</u>	<u>\$ 2,833,387</u>	<u>\$ 2,339,750</u>

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

CLEAR CREEK 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 (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 include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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.

CLEAR CREEK CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements 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.

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.

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. 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

CLEAR CREEK CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

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 (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 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 (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 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.

CLEAR CREEK CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(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 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.

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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.

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

	General	Cumulative Improvement	Sewer Connection Fund	Cumulative Maintenance	Sewer 94 Eba	Sewer 99 Eba
Cash and investments - beginning	\$ 97,159	\$ 262,292	\$ 268,353	\$ 108,693	\$ 148,253	\$ 519,834
Receipts:						
Taxes	273,609	84,244	-	-	50,964	133,684
Licenses and permits	-	-	8,920	-	-	-
Charges for services	410,779	-	-	-	-	-
Other receipts	832,808	2,696	4,090	11,574	3,253	21,608
Total receipts	<u>1,517,196</u>	<u>86,940</u>	<u>13,010</u>	<u>11,574</u>	<u>54,217</u>	<u>155,292</u>
Disbursements:						
Personal services	68,281	-	-	-	-	-
Supplies	12,654	-	-	-	-	-
Other services and charges	1,286,422	-	-	-	-	-
Capital outlay	133,951	-	-	-	-	-
Other disbursements	100,000	30,000	-	-	202,470	349,141
Total disbursements	<u>1,601,308</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>202,470</u>	<u>349,141</u>
Excess (deficiency) of receipts over disbursements	<u>(84,112)</u>	<u>56,940</u>	<u>13,010</u>	<u>11,574</u>	<u>(148,253)</u>	<u>(193,849)</u>
Cash and investments - ending	<u>\$ 13,047</u>	<u>\$ 319,232</u>	<u>\$ 281,363</u>	<u>\$ 120,267</u>	<u>\$ -</u>	<u>\$ 325,985</u>

CLEAR CREEK CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sewer 01 Eba	Dam & Spillway Repair Fund	Sewer Renovation Fund	Equipment Depreciation Fund	Totals
Cash and investments - beginning	\$ 389,160	\$ 541,120	\$ 551,466	\$ 43,044	\$ 2,929,374
Receipts:					
Taxes	62,900	-	-	-	605,401
Licenses and permits	-	-	-	-	8,920
Charges for services	-	-	-	-	410,779
Other receipts	6,361	114,497	60,313	2,016	1,059,216
Total receipts	<u>69,261</u>	<u>114,497</u>	<u>60,313</u>	<u>2,016</u>	<u>2,084,316</u>
Disbursements:					
Personal services	-	-	-	-	68,281
Supplies	-	-	-	-	12,654
Other services and charges	-	-	-	-	1,286,422
Capital outlay	-	-	-	-	133,951
Other disbursements	148,047	-	-	-	829,658
Total disbursements	<u>148,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,330,966</u>
Excess (deficiency) of receipts over disbursements	<u>(78,786)</u>	<u>114,497</u>	<u>60,313</u>	<u>2,016</u>	<u>(246,650)</u>
Cash and investments - ending	<u>\$ 310,374</u>	<u>\$ 655,617</u>	<u>\$ 611,779</u>	<u>\$ 45,060</u>	<u>\$ 2,682,724</u>

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

	General Fund	Cumulative Improvement	Cumulative Maintenance	Dam & Spillway Repair Fund	Equipment Depreciation Fund
Cash and investments - beginning	\$ 13,047	\$ 319,232	\$ 120,267	\$ 655,617	\$ 45,060
Receipts:					
Taxes	285,988	83,170	-	-	-
Charges for services	420,275	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	<u>1,218,833</u>	<u>2,638</u>	<u>60,169</u>	<u>111,545</u>	<u>1,353</u>
Total receipts	<u>1,925,096</u>	<u>85,808</u>	<u>60,169</u>	<u>111,545</u>	<u>1,353</u>
Disbursements:					
Personal services	72,276	-	-	-	-
Supplies	27,301	-	-	-	-
Other services and charges	330,089	-	-	-	-
Debt service - principal and interest	848,161	-	-	-	-
Capital outlay	85,186	-	-	-	-
Other disbursements	<u>547,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>1,910,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>14,847</u>	<u>85,808</u>	<u>60,169</u>	<u>111,545</u>	<u>1,353</u>
Cash and investments - ending	<u>\$ 27,894</u>	<u>\$ 405,040</u>	<u>\$ 180,436</u>	<u>\$ 767,162</u>	<u>\$ 46,413</u>

CLEAR CREEK CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Sewer 01 Eba	Sewer 99 Eba	Sewer Connection Fund	Sewer Renovation Fund	Totals
Cash and investments - beginning	\$ 310,374	\$ 325,985	\$ 281,363	\$ 611,779	\$ 2,682,724
Receipts:					
Taxes	45,862	131,700	-	-	546,720
Charges for services	-	-	-	-	420,275
Utility fees	-	-	7,669	-	7,669
Other receipts	4,661	4,557	3,396	108,597	1,515,749
Total receipts	<u>50,523</u>	<u>136,257</u>	<u>11,065</u>	<u>108,597</u>	<u>2,490,413</u>
Disbursements:					
Personal services	-	-	-	-	72,276
Supplies	-	-	-	-	27,301
Other services and charges	-	-	-	-	330,089
Debt service - principal and interest	-	-	-	-	848,161
Capital outlay	-	-	-	-	85,186
Other disbursements	360,896	462,242	100,000	-	1,470,374
Total disbursements	<u>360,896</u>	<u>462,242</u>	<u>100,000</u>	<u>-</u>	<u>2,833,387</u>
Excess (deficiency) of receipts over disbursements	<u>(310,373)</u>	<u>(325,985)</u>	<u>(88,935)</u>	<u>108,597</u>	<u>(342,974)</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 192,428</u>	<u>\$ 720,376</u>	<u>\$ 2,339,750</u>

CLEAR CREEK CONSERVANCY DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ -	\$ 78
Sewer	-	<u>75,254</u>
Totals	<u>\$ -</u>	<u>\$ 75,332</u>

CLEAR CREEK 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	\$ 831,627
Buildings	97,957
Total governmental activities	929,584
Sewer:	
Land	3,750
Infrastructure	9,362,184
Machinery, equipment and vehicles	109,971
Total Sewer	9,475,905
Total capital assets	\$ 10,405,489

CLEAR CREEK CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

On January 1, 2012, the Conservancy District retired the remaining \$300,000 balance of the 1999 Revenue Bonds due in 2013, 2014, and 2015. The check to retire the bonds was issued to U.S. Bank on December 20, 2011. The Conservancy District had obtained a 2012 appropriation to retire the bonds, but was able to save additional interest by retiring the bonds on January 1, 2012, instead of July 1, 2012, as budgeted. There was no appropriation for the bond payment in 2011, so the 2011 appropriations were exceeded.

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."

TRANSACTION RECORDING

A check dated December 20, 2011, issued to U.S. Bank for \$300,000 for the early retirement of bonds, was not entered in the 2011 records of the Conservancy District. The check was instead recorded in 2012, with a January 1, 2012 issue date. The Annual Report also did not reflect the \$300,000 disbursement.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CLEAR CREEK CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2012, with Katheryn E. Deer, Financial Clerk.