

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

BATTLE GROUND CONSERVANCY DISTRICT

TIPPECANOE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
01/24/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Phyllis Hall	01-01-10 to 12-31-12
President of the Board	Kenny Longest	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BATTLE GROUND CONSERVANCY
DISTRICT, TIPPECANOE COUNTY, INDIANA

We have examined the accompanying financial statement of the Battle Ground Conservancy District (District), for the period of January 1, 2010 to December 31, 2011. The financial statement is the responsibility of the District'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 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 District 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the period of January 1, 2010 to December 31, 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 statement. 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 17, 2012

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FINANCIAL STATEMENT

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

BATTLE GROUND CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2010 and December 31, 2011

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ 217,519	\$ 279,625	\$ 313,750	\$ 183,394
Meter Deposits	11,459	1,320	1,268	11,511
Payroll	<u>17,659</u>	<u>87,629</u>	<u>90,989</u>	<u>14,299</u>
Totals	<u>\$ 246,637</u>	<u>\$ 368,574</u>	<u>\$ 406,007</u>	<u>\$ 209,204</u>

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Operating	\$ 183,394	\$ 305,494	\$ 341,147	\$ 147,741
Meter Deposits	11,511	1,540	1,050	12,001
Payroll	<u>14,299</u>	<u>98,077</u>	<u>114,221</u>	<u>(1,845)</u>
Totals	<u>\$ 209,204</u>	<u>\$ 405,111</u>	<u>\$ 456,418</u>	<u>\$ 157,897</u>

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

BATTLE GROUND CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the District.

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 the following sources:

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

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, auto excise surtax received from the state, and commercial vehicle excise tax received from the state.

Charges for services which can include, but are not limited to the following: Water 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 statement. The aggregate disbursements may include the following uses:

BATTLE GROUND CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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, 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 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.

BATTLE GROUND CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENT
(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 (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.

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 statement. 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 (IC 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 authority to contribute to the plan. The PERF retirement benefit consists of the pension provided

BATTLE GROUND CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 statement 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.

BATTLE GROUND 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>Meter Deposits</u>	<u>Payroll</u>	<u>Totals</u>
Cash and investments - beginning	\$ 217,519	\$ 11,459	\$ 17,659	\$ 246,637
Receipts:				
Taxes	7,186	-	-	7,186
Charges for services	236,870	-	-	236,870
Other receipts	<u>35,569</u>	<u>1,320</u>	<u>87,629</u>	<u>124,518</u>
Total receipts	<u>279,625</u>	<u>1,320</u>	<u>87,629</u>	<u>368,574</u>
Disbursements:				
Personal services	91,529	-	-	91,529
Other services and charges	213,792	-	-	213,792
Other disbursements	<u>8,429</u>	<u>1,268</u>	<u>90,989</u>	<u>100,686</u>
Total disbursements	<u>313,750</u>	<u>1,268</u>	<u>90,989</u>	<u>406,007</u>
Excess (deficiency) of receipts over disbursements	<u>(34,125)</u>	<u>52</u>	<u>(3,360)</u>	<u>(37,433)</u>
Cash and investments - ending	<u>\$ 183,394</u>	<u>\$ 11,511</u>	<u>\$ 14,299</u>	<u>\$ 209,204</u>

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

	<u>Operating</u>	<u>Meter Deposits</u>	<u>Payroll</u>	<u>Totals</u>
Cash and investments - beginning	\$ 183,394	\$ 11,511	\$ 14,299	\$ 209,204
Receipts:				
Taxes	3,477	-	-	3,477
Charges for services	275,566	-	-	275,566
Other receipts	<u>26,451</u>	<u>1,540</u>	<u>98,077</u>	<u>126,068</u>
Total receipts	<u>305,494</u>	<u>1,540</u>	<u>98,077</u>	<u>405,111</u>
Disbursements:				
Personal services	145,740	-	-	145,740
Supplies	17,857	-	-	17,857
Other services and charges	103,607	-	-	103,607
Capital outlay	58,358	-	-	58,358
Other disbursements	<u>15,585</u>	<u>1,050</u>	<u>114,221</u>	<u>130,856</u>
Total disbursements	<u>341,147</u>	<u>1,050</u>	<u>114,221</u>	<u>456,418</u>
Excess (deficiency) of receipts over disbursements	<u>(35,653)</u>	<u>490</u>	<u>(16,144)</u>	<u>(51,307)</u>
Cash and investments - ending	<u>\$ 147,741</u>	<u>\$ 12,001</u>	<u>\$ (1,845)</u>	<u>\$ 157,897</u>

BATTLE GROUND CONSERVANCY DISTRICT
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Enterprise	\$ 19,545	\$ 3,246

BATTLE GROUND 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 35,378
Infrastructure	571,155
Buildings	294,963
Machinery, equipment and vehicles	<u>213,423</u>
Total governmental activities	<u>1,114,919</u>
Total capital assets	<u><u>\$ 1,114,919</u></u>

BATTLE GROUND CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

SPECIAL DISTRICT ANNUAL REPORTS

The Annual Reports for 2010 and 2011 did not include the Meter Deposit Fund or the Payroll Fund resulting in incomplete financial reporting. These funds were added to the examination report in order to have complete financial reporting.

Indiana Code 5-11-1-4(a) states in part:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year."

OVERDRAWN CASH BALANCE

The cash balance of the Payroll Fund was overdrawn at December 31, 2011. This was a result of errors in transfers into the Payroll Fund.

The Financial Clerk will make adjustments to correct the errors which caused the overdrawn balance.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

BATTLE GROUND CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2012, with Phyllis Hall, Financial Clerk.
The official concurred with our findings.