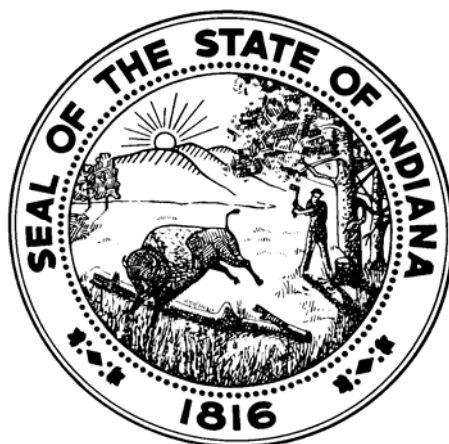


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
BATTLE GROUND CONSERVANCY DISTRICT
TIPPECANOE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
10/18/2006

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OFFICIALS

Office

Official

Term

Financial Clerk/Treasurer

Phyllis Hall

01-01-04 to 12-31-07

Chairman of the Board

Larry Theller
Robert Taylor

01-01-04 to 11-05-05
11-06-05 to 12-31-06



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302 WEST WASHINGTON STREET
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Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Battle Ground Conservancy District (District), for the period of January 1, 2004 to December 31, 2005. The District's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 28, 2006

BATTLE GROUND CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	<u>Cash and Investments 01-01-04</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-04</u>
Proprietary Funds:				
Operating Cash	\$ 162,427	\$ 187,490	\$ 203,767	\$ 146,150
Customer Deposits	9,980	2,722	1,371	11,331
Construction Cash	176,700	9,230	14,604	171,326
Fiduciary Fund:				
Payroll	<u>10,863</u>	<u>72,776</u>	<u>70,044</u>	<u>13,595</u>
Totals	<u>\$ 359,970</u>	<u>\$ 272,218</u>	<u>\$ 289,786</u>	<u>\$ 342,402</u>

	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Proprietary Funds:				
Operating Cash	\$ 146,150	\$ 223,154	\$ 299,319	\$ 69,985
Customer Deposits	11,331	11,125	10,695	11,761
Construction Cash	171,326	70,955	145,615	96,666
Fiduciary Fund:				
Payroll	<u>13,595</u>	<u>85,073</u>	<u>82,672</u>	<u>15,996</u>
Totals	<u>\$ 342,402</u>	<u>\$ 390,307</u>	<u>\$ 538,301</u>	<u>\$ 194,408</u>

The accompanying notes are an integral part of the schedules.

BATTLE GROUND CONSERVANCY DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established pursuant to Indiana Code 14-33 under the laws of the State of Indiana. The District provides water service.

Note 2. Fund Accounting

The District 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 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 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 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.

BATTLE GROUND CONSERVANCY DISTRICT
 NOTES TO SCHEDULES
 (Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund
 Harrison Building, Room 800
 143 West Market Street
 Indianapolis, IN 46204
 Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Restatement of Balances

For the year ended December 31, 2003, certain changes have been made to the financial statements to more appropriately reflect financial activity of the District. The following schedule presents a summary of restated beginning balances by fund:

<u>Fund and Type</u>	<u>Balance As Reported 12-31-03</u>	<u>Balance As Restated 01-01-04</u>
Fiduciary:		
Payroll	<u>\$ -</u>	<u>\$ 10,863</u>

BATTLE GROUND CONSERVANCY DISTRICT
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

The District does not maintain Prescribed Form 211, Capital Assets Ledger. Therefore, a detailed record of capital assets for its Utility Plant in Service accounts is not available. The District maintains a list, however, this list does not show the date of purchase and no record is made of asset deletions or disposals. The records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BATTLE GROUND CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2006, with Phyllis Hall, Financial Clerk/
Treasurer; and Robert Taylor, Chairman of the Board. The officials concurred with our finding.