

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

WALDRON CONSERVANCY DISTRICT

SHELBY COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
02/26/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Joe Runnebohm	01-01-11 to 12-31-15
President of the Board of Directors	Bruce A. Kuhn	01-01-11 to 12-31-15
Superintendent	Ronald Fuchs	01-01-11 to 12-31-15



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE WALDRON CONSERVANCY DISTRICT, SHELBY COUNTY, INDIANA

We have examined the accompanying financial statements of the Waldron Conservancy District (District), for the period of January 1, 2011 to December 31, 2014. 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 Indiana 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 statements 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.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do 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, 2011 to December 31, 2014.

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 period of January 1, 2011 to December 31, 2014, 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 Leases and 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.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

October 29, 2015

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## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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.

WALDRON CONSERVANCY DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Wastewater	\$ 426,097	\$ 79,141	\$ 174,042	\$ 331,196	\$ 69,455	\$ 82,645	\$ 318,006
Water Operating	94,478	87,946	91,680	90,744	88,249	97,356	81,637
Water Bond and Interest	8,559	9,677	9,572	8,664	9,718	9,608	8,774
Water Meter Deposits	9,900	1,075	1,075	9,900	750	925	9,725
Water Debt Service Reserve	10,100	-	-	10,100	-	-	10,100
Totals	<u>\$ 549,134</u>	<u>\$ 177,839</u>	<u>\$ 276,369</u>	<u>\$ 450,604</u>	<u>\$ 168,172</u>	<u>\$ 190,534</u>	<u>\$ 428,242</u>

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

WALDRON CONSERVANCY DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Wastewater	\$ 318,006	\$ 74,867	\$ 68,286	\$ 324,587	\$ 74,673	\$ 86,462	\$ 312,798
Water Operating	81,637	85,297	82,770	84,164	85,822	83,139	86,847
Water Meter Deposits	9,725	1,075	1,125	9,675	1,400	900	10,175
Water Debt Service Reserve	10,100	-	-	10,100	-	-	10,100
Water Bond and Interest	8,774	9,699	8,000	10,473	9,674	11,144	9,003
Totals	<u>\$ 428,242</u>	<u>\$ 170,938</u>	<u>\$ 160,181</u>	<u>\$ 438,999</u>	<u>\$ 171,569</u>	<u>\$ 181,645</u>	<u>\$ 428,923</u>

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

WALDRON 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

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.

WALDRON CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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.

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, 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.

WALDRON CONSERVANCY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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.

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.

#### OTHER INFORMATION - UNAUDITED

The District's Annual Report information for 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 other information presented was approved by management of the District. It is presented as intended by the District.

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

	Wastewater	Water Operating	Water Bond and Interest	Water Meter Deposits	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 426,097	\$ 94,478	\$ 8,559	\$ 9,900	\$ 10,100	\$ 549,134
Receipts:						
Taxes	64,667	-	-	-	-	64,667
Utility fees	1,574	86,496	-	1,075	-	89,145
Other receipts	12,900	1,450	9,677	-	-	24,027
Total receipts	<u>79,141</u>	<u>87,946</u>	<u>9,677</u>	<u>1,075</u>	<u>-</u>	<u>177,839</u>
Disbursements:						
Personal services	37,458	21,807	-	-	-	59,265
Other services and charges	2,870	2,870	-	-	-	5,740
Debt service - principal and interest	-	10,875	9,572	-	-	20,447
Capital outlay	106,057	-	-	-	-	106,057
Utility operating expenses	27,657	32,088	-	-	-	59,745
Other disbursements	-	24,040	-	1,075	-	25,115
Total disbursements	<u>174,042</u>	<u>91,680</u>	<u>9,572</u>	<u>1,075</u>	<u>-</u>	<u>276,369</u>
Excess (deficiency) of receipts over disbursements	<u>(94,901)</u>	<u>(3,734)</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>(98,530)</u>
Cash and investments - ending	<u>\$ 331,196</u>	<u>\$ 90,744</u>	<u>\$ 8,664</u>	<u>\$ 9,900</u>	<u>\$ 10,100</u>	<u>\$ 450,604</u>

WALDRON CONSERVANCY DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2012

	Wastewater	Water Operating	Water Bond and Interest	Water Meter Deposits	Water Debt Service Reserve	Totals
Cash and investments - beginning	\$ 331,196	\$ 90,744	\$ 8,664	\$ 9,900	\$ 10,100	\$ 450,604
Receipts:						
Taxes	66,199	-	-	-	-	66,199
Utility fees	1,552	87,528	-	-	-	89,080
Other receipts	1,704	721	9,718	750	-	12,893
Total receipts	<u>69,455</u>	<u>88,249</u>	<u>9,718</u>	<u>750</u>	<u>-</u>	<u>168,172</u>
Disbursements:						
Personal services	38,701	22,679	-	-	-	61,380
Other services and charges	2,944	2,944	-	-	-	5,888
Debt service - principal and interest	-	10,500	9,608	-	-	20,108
Capital outlay	22,289	-	-	-	-	22,289
Utility operating expenses	16,096	48,021	-	-	-	64,117
Other disbursements	2,615	13,212	-	925	-	16,752
Total disbursements	<u>82,645</u>	<u>97,356</u>	<u>9,608</u>	<u>925</u>	<u>-</u>	<u>190,534</u>
Excess (deficiency) of receipts over disbursements	<u>(13,190)</u>	<u>(9,107)</u>	<u>110</u>	<u>(175)</u>	<u>-</u>	<u>(22,362)</u>
Cash and investments - ending	<u>\$ 318,006</u>	<u>\$ 81,637</u>	<u>\$ 8,774</u>	<u>\$ 9,725</u>	<u>\$ 10,100</u>	<u>\$ 428,242</u>

WALDRON CONSERVANCY DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	Wastewater	Water Operating	Water Meter Deposits	Water Debt Service Reserve	Water Bond and Interest	Totals
Cash and investments - beginning	\$ 318,006	\$ 81,637	\$ 9,725	\$ 10,100	\$ 8,774	\$ 428,242
Receipts:						
Taxes	72,485	-	-	-	-	72,485
Utility fees	1,700	83,319	1,075	-	-	86,094
Other receipts	682	1,978	-	-	9,699	12,359
Total receipts	<u>74,867</u>	<u>85,297</u>	<u>1,075</u>	<u>-</u>	<u>9,699</u>	<u>170,938</u>
Disbursements:						
Personal services	38,594	22,560	-	-	-	61,154
Other services and charges	3,007	3,007	-	-	-	6,014
Debt service - principal and interest	-	10,125	-	-	8,000	18,125
Capital outlay	8,440	-	-	-	-	8,440
Utility operating expenses	14,742	35,983	-	-	-	50,725
Other disbursements	3,503	11,095	1,125	-	-	15,723
Total disbursements	<u>68,286</u>	<u>82,770</u>	<u>1,125</u>	<u>-</u>	<u>8,000</u>	<u>160,181</u>
Excess (deficiency) of receipts over disbursements	<u>6,581</u>	<u>2,527</u>	<u>(50)</u>	<u>-</u>	<u>1,699</u>	<u>10,757</u>
Cash and investments - ending	<u>\$ 324,587</u>	<u>\$ 84,164</u>	<u>\$ 9,675</u>	<u>\$ 10,100</u>	<u>\$ 10,473</u>	<u>\$ 438,999</u>

WALDRON CONSERVANCY DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2014

	Wastewater	Water Operating	Water Meter Deposits	Water Debt Service Reserve	Water Bond and Interest	Totals
Cash and investments - beginning	\$ 324,587	\$ 84,164	\$ 9,675	\$ 10,100	\$ 10,473	\$ 438,999
Receipts:						
Taxes	72,618	-	-	-	-	72,618
Utility fees	1,498	85,350	1,400	-	-	88,248
Other receipts	557	472	-	-	9,674	10,703
Total receipts	<u>74,673</u>	<u>85,822</u>	<u>1,400</u>	<u>-</u>	<u>9,674</u>	<u>171,569</u>
Disbursements:						
Personal services	39,674	23,068	-	-	-	62,742
Other services and charges	3,093	3,093	-	-	-	6,186
Debt service - principal and interest	-	9,750	-	-	11,144	20,894
Capital outlay	26,168	-	-	-	-	26,168
Utility operating expenses	14,285	34,340	-	-	-	48,625
Other disbursements	3,242	12,888	900	-	-	17,030
Total disbursements	<u>86,462</u>	<u>83,139</u>	<u>900</u>	<u>-</u>	<u>11,144</u>	<u>181,645</u>
Excess (deficiency) of receipts over disbursements	<u>(11,789)</u>	<u>2,683</u>	<u>500</u>	<u>-</u>	<u>(1,470)</u>	<u>(10,076)</u>
Cash and investments - ending	<u>\$ 312,798</u>	<u>\$ 86,847</u>	<u>\$ 10,175</u>	<u>\$ 10,100</u>	<u>\$ 9,003</u>	<u>\$ 428,923</u>

WALDRON CONSERVANCY DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2014

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Water:			
General obligation bonds	new water tower	\$ 37,500	\$ 9,375
General obligation bonds	new water plant	<u>75,300</u>	<u>9,796</u>
Totals		<u>\$ 112,800</u>	<u>\$ 19,171</u>

WALDRON CONSERVANCY DISTRICT  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2014

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
Wastewater:	
Land	\$ 27,050
Infrastructure	155,100
Buildings	16,500
Machinery, equipment, and vehicles	74,002
Total Wastewater	272,652
Water:	
Land	10,750
Infrastructure	883,246
Buildings	16,500
Machinery, equipment, and vehicles	28,311
Total Water	938,807
Total capital assets	\$ 1,211,459

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.