

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

NEW PARIS CONSERVANCY DISTRICT

ELKHART COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
02/13/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk/Secretary	Diane K. Smith	01-01-10 to 12-31-13
Chairman of the Board	Gary Brumbaugh	01-01-10 to 02-21-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NEW PARIS CONSERVANCY DISTRICT, ELKHART COUNTY, INDIANA

We have examined the accompanying financial statements of the New Paris Conservancy District (District), for the period of January 1, 2010 to December 31, 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 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. 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 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, 2010 to December 31, 2011.

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, 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 statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, 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.

STATE BOARD OF ACCOUNTS

January 16, 2013

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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.

NEW PARIS 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 Tax Fund	\$ 191,940	\$ 350,392	\$ 350,929	\$ 191,403
Construction	4,508	-	-	4,508
Cumulative Capital Improvement	134,933	40,009	-	174,942
Wastewater Utility Operating	114,870	451,779	475,500	91,149
Wastewater Utility Bond & Interest	-	116,000	112,800	3,200
Wastewater Debt Service Reserve	289,205	-	-	289,205
Wastewater Replacement Fund	216,514	32,600	-	249,114
Cash Savings	-	419	249	170
Money Market	-	4,612	4,237	375
Totals	<u>\$ 951,970</u>	<u>\$ 995,811</u>	<u>\$ 943,715</u>	<u>\$ 1,004,066</u>

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

NEW PARIS 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 Tax Fund	\$ 191,403	\$ 317,631	\$ 352,090	\$ 156,944
Cumulative Capital Improvement	174,942	31,337	-	206,279
Cash Savings	170	155	-	325
Construction	4,508	-	-	4,508
Money Market	375	4,737	-	5,112
Wastewater Utility Operating	91,149	374,618	383,931	81,836
Wastewater Replacement Fund	249,114	32,400	-	281,514
Wastewater Debt Service Reserve	289,205	-	-	289,205
Wastewater Utility Bond & Interest	3,200	122,400	115,800	9,800
Totals	<u>\$ 1,004,066</u>	<u>\$ 883,278</u>	<u>\$ 851,821</u>	<u>\$ 1,035,523</u>

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

NEW PARIS 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 District provides the following services: wastewater collection and treatment services and general administrative services.

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 may include, but are not limited to, 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.

Penalties which include fees received for late payments.

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 may include, but are not limited to, the following uses:

NEW PARIS CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(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.

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.

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

NEW PARIS CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

NEW PARIS CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's Annual Report information for years 2011 and later 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.

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

	General Tax Fund	Construction	Cumulative Capital Improvement	Wastewater Utility Operating	Wastewater Utility Bond & Interest	Wastewater Debt Service Reserve	Wastewater Replacement Fund	Cash Savings	Money Market	Totals
Cash and investments - beginning	\$ 191,940	\$ 4,508	\$ 134,933	\$ 114,870	\$ -	\$ 289,205	\$ 216,514	\$ -	\$ -	\$ 951,970
Receipts:										
Taxes	349,830	-	40,009	-	-	-	-	-	-	389,839
Utility fees	-	-	-	416,214	-	-	-	-	-	416,214
Other receipts	562	-	-	35,565	116,000	-	32,600	419	4,612	189,758
Total receipts	350,392	-	40,009	451,779	116,000	-	32,600	419	4,612	995,811
Disbursements:										
Debt service - principal and interest	198,800	-	-	-	112,800	-	-	-	-	311,600
Capital outlay	-	-	-	2,533	-	-	-	-	-	2,533
Utility operating expenses	95,280	-	-	232,424	-	-	-	-	-	327,704
Other disbursements	56,849	-	-	240,543	-	-	-	249	4,237	301,878
Total disbursements	350,929	-	-	475,500	112,800	-	-	249	4,237	943,715
Excess (deficiency) of receipts over disbursements	(537)	-	40,009	(23,721)	3,200	-	32,600	170	375	52,096
Cash and investments - ending	\$ 191,403	\$ 4,508	\$ 174,942	\$ 91,149	\$ 3,200	\$ 289,205	\$ 249,114	\$ 170	\$ 375	\$ 1,004,066

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

	General Tax Fund	Cumulative Capital Improvement	Cash Savings	Construction	Money Market	Wastewaer Utility Operating	Wastewater Replacement Fund	Wastewater Debt Service Reserve	Wastewater Utility Bond & Interest	Totals
Cash and investments - beginning	\$ 191,403	\$ 174,942	\$ 170	\$ 4,508	\$ 375	\$ 91,149	\$ 249,114	\$ 289,205	\$ 3,200	\$ 1,004,066
Receipts:										
Taxes	316,850	31,337	-	-	-	-	-	-	-	348,187
Utility fees	-	-	-	-	-	340,451	-	-	-	340,451
Penalties	-	-	-	-	-	6,796	-	-	-	6,796
Other receipts	781	-	155	-	4,737	27,371	32,400	-	122,400	187,844
Total receipts	<u>317,631</u>	<u>31,337</u>	<u>155</u>	<u>-</u>	<u>4,737</u>	<u>374,618</u>	<u>32,400</u>	<u>-</u>	<u>122,400</u>	<u>883,278</u>
Disbursements:										
Personal services	89,862	-	-	-	-	-	-	-	-	89,862
Supplies	524	-	-	-	-	-	-	-	-	524
Other services and charges	47,097	-	-	-	-	-	-	-	-	47,097
Debt service - principal and interest	200,200	-	-	-	-	-	-	-	115,800	316,000
Utility operating expenses	-	-	-	-	-	203,806	-	-	-	203,806
Other disbursements	14,407	-	-	-	-	180,125	-	-	-	194,532
Total disbursements	<u>352,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,931</u>	<u>-</u>	<u>-</u>	<u>115,800</u>	<u>851,821</u>
Excess (deficiency) of receipts over disbursements	<u>(34,459)</u>	<u>31,337</u>	<u>155</u>	<u>-</u>	<u>4,737</u>	<u>(9,313)</u>	<u>32,400</u>	<u>-</u>	<u>6,600</u>	<u>31,457</u>
Cash and investments - ending	<u>\$ 156,944</u>	<u>\$ 206,279</u>	<u>\$ 325</u>	<u>\$ 4,508</u>	<u>\$ 5,112</u>	<u>\$ 81,836</u>	<u>\$ 281,514</u>	<u>\$ 289,205</u>	<u>\$ 9,800</u>	<u>\$ 1,035,523</u>

NEW PARIS 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	\$ -	\$ -
Wastewater	-	51,639
Totals	\$ -	\$ 51,639

NEW PARIS CONSERVANCY DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities: Revenue bonds	Special Benefits Bonds 1994	<u>\$ 575,000</u>	<u>\$ 201,500</u>
Wastewater: Revenue bonds	Sewage Works Revenue Bonds of 1994	<u>435,000</u>	<u>113,700</u>
Totals		<u><u>\$ 1,010,000</u></u>	<u><u>\$ 315,200</u></u>

NEW PARIS 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:	
Machinery, equipment and vehicles	\$ 18,585
Wastewater:	
Land	64,761
Infrastructure	2,924,055
Buildings	2,849,276
Machinery, equipment and vehicles	698,108
Total Wastewater	6,536,200
Total capital assets	\$ 6,554,785

NEW PARIS CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 16, 2013, with Diane K. Smith, Financial Clerk/Secretary, and Gary Brumbaugh, Chairman of the Board of Directors. Our examination disclosed no material items that warrant comment at this time.