

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

FINANCIAL STATEMENTS EXAMINATION REPORT
OF
NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
FULTON COUNTY, INDIANA
January 1, 2010 to December 31, 2011



FILED
02/28/2013

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	8-10
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	12-13
Schedule of Leases and Debt	14
Schedule of Capital Assets.....	15
Examination Result and Comment:	
Appropriations.....	16
Exit Conference.....	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ken Hutchins	01-01-10 to 12-31-13
President of the Board	Jerry Caylor George Suter	01-01-10 to 12-31-11 01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NYONA-SOUTH MUD LAKES
CONSERVANCY DISTRICT, FULTON COUNTY, INDIANA

We have examined the accompanying financial statements of the Nyona-South Mud Lakes 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 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 10, 2013

(This page intentionally left blank.)

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.

NYONA-SOUTH MUD LAKES 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
Operating Fund	\$ 37,836	\$ 509,264	\$ 248,784	\$ 298,316
Bond And Interest Fund	36,641	74,800	74,128	37,313
Debt Service Reserve Fund	<u>27,365</u>	<u>7,463</u>	<u>-</u>	<u>34,828</u>
Totals	<u>\$ 101,842</u>	<u>\$ 591,527</u>	<u>\$ 322,912</u>	<u>\$ 370,457</u>

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

NYONA-SOUTH MUD LAKES 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
Money Market	\$ -	\$ 200,521	\$ -	\$ 200,521
Bond And Interest Fund	37,313	74,101	74,450	36,964
Debt Service Reserve	34,828	7,463	-	42,291
Operating Fund	<u>298,316</u>	<u>212,505</u>	<u>468,485</u>	<u>42,336</u>
Totals	<u>\$ 370,457</u>	<u>\$ 494,590</u>	<u>\$ 542,935</u>	<u>\$ 322,112</u>

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

NYONA-SOUTH MUD LAKES 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:

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.

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:

NYONA-SOUTH MUD LAKES 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.

NYONA-SOUTH MUD LAKES 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. 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 4. 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.

Note 5. Inter-local Agreement with the Town of Macy

In 2010, the District and the Town of Macy signed an Inter-local agreement allowing the Town to pipe their sewage to the District's sewage plant for treatment. The agreement provided for the Town to pay the District \$275,000 as a "buy in" charge equivalent to 18.75 percent of the value of the Sewage Plant. This payment was made in 2010 and is included as "Other Receipts" in the financial statement. In 2012, the Town completed their pipeline to the District and began paying a monthly charge to cover the processing of the Town's sewage.

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.

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Operating Fund	Bond And Interest Fund	Debt Service Reserve Fund	Totals
Cash and investments - beginning	\$ 37,836	\$ 36,641	\$ 27,365	\$ 101,842
Receipts:				
Utility fees	233,958	-	-	233,958
Other receipts	275,306	74,800	7,463	357,569
Total receipts	509,264	74,800	7,463	591,527
Disbursements:				
Debt service - principal and interest	-	74,128	-	74,128
Utility operating expenses	149,999	-	-	149,999
Other disbursements	98,785	-	-	98,785
Total disbursements	248,784	74,128	-	322,912
Excess (deficiency) of receipts over disbursements	260,480	672	7,463	268,615
Cash and investments - ending	\$ 298,316	\$ 37,313	\$ 34,828	\$ 370,457

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	Money Market	Bond And Interest Fund	Debt Service Reserve	Operating Fund	Totals
Cash and investments - beginning	\$ -	\$ 37,313	\$ 34,828	\$ 298,316	\$ 370,457
Receipts:					
Charges for services	-	-	-	211,054	211,054
Other receipts	200,521	74,101	7,463	1,451	283,536
Total receipts	200,521	74,101	7,463	212,505	494,590
Disbursements:					
Personal services	-	-	-	56,276	56,276
Supplies	-	-	-	15,669	15,669
Other services and charges	-	-	-	96,976	96,976
Debt service - principal and interest	-	74,450	-	-	74,450
Capital outlay	-	-	-	18,000	18,000
Other disbursements	-	-	-	281,564	281,564
Total disbursements	-	74,450	-	468,485	542,935
Excess (deficiency) of receipts over disbursements	200,521	(349)	7,463	(255,980)	(48,345)
Cash and investments - ending	\$ 200,521	\$ 36,964	\$ 42,291	\$ 42,336	\$ 322,112

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Sewage Works Revenue Bonds of 2006 Series A	\$ 944,000	\$ 53,169
Revenue bonds	Sewage Works Revenue Bonds of 2006 Series B	<u>380,000</u>	<u>20,581</u>
Totals		<u>\$ 1,324,000</u>	<u>\$ 73,750</u>

NYONA-SOUTH MUD LAKES 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	\$ 11,634
Buildings	240,000
Improvements other than buildings	3,965,424
Machinery, equipment and vehicles	84,440
Total capital assets	\$ 4,301,498

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
EXAMINATION RESULT AND COMMENT

APPROPRIATIONS

The following expenditures exceeded the budgeted appropriations:

Wastewater Operating Fund 2011 \$ 1,970

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."

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 10, 2013, with Ken Hutchins, Treasurer. The official concurred with our finding.