

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

NINEVEH CONSERVANCY DISTRICT

JOHNSON COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
12/10/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Robert Wilson	01-01-10 to 12-31-11
	Darlene Mudd	01-01-12 to 12-31-12
	Robert Wilson	01-01-13 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NINEVEH CONSERVANCY DISTRICT, JOHNSON COUNTY, INDIANA

We have examined the accompanying financial statements of the Nineveh Conservancy District (District), for the period of January 1, 2010 to December 31, 2012. 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. 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, 2012.

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, 2012, 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, 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, CPA
State Examiner

November 18, 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.

NINEVEH 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
Sewer General Fund	\$ 99,748	\$ 101,525	\$ 90,165	\$ 111,108
Sewer Bond Sinking Fund	62,326	270	13,133	49,463
Sewer Utility Fund/Sewer	18,062	106,797	83,000	41,859
Totals	<u>\$ 180,136</u>	<u>\$ 208,592</u>	<u>\$ 186,298</u>	<u>\$ 202,430</u>

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

NINEVEH 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
Sewer Bond Sinking Fund	\$ 49,463	\$ 96	\$ 12,000	\$ 37,559	\$ 36	\$ 13,000	\$ 24,595
Sewer General Fund	111,108	92,919	91,428	112,599	111,473	91,825	132,247
Sewer Utility Fund/Sewer	41,859	116,741	79,428	79,172	109,049	97,280	90,941
Totals	<u>\$ 202,430</u>	<u>\$ 209,756</u>	<u>\$ 182,856</u>	<u>\$ 229,330</u>	<u>\$ 220,558</u>	<u>\$ 202,105</u>	<u>\$ 247,783</u>

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

NINEVEH 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:

Utility fees which are comprised mostly of charges for current services and 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 include the following uses:

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.

Utility operating expenses which include all outflows for operating the utilities.

NINEVEH CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. 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 3. 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.

NINEVEH CONSERVANCY DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Note 4. Restatements

For the year ended December 31, 2010, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the District. The following schedule presents a summary of restated beginning balances.

<u>Fund Name</u>	<u>Balance as of December 31, 2009</u>	<u>New Fund</u>	<u>Restated Balance as of January 1, 2010</u>
General	\$ 180,136	Sewer General	\$ 99,748
		Sewer Bond Sinking	62,326
		Sewer Utility Fund	18,062

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.

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

	Sewer General Fund	Sewer Bond Sinking Fund	Sewer Utility Fund/Sewer	Totals
Cash and investments - beginning	\$ 99,748	\$ 62,326	\$ 18,062	\$ 180,136
Receipts:				
Utility fees	3,300	-	106,780	110,080
Other receipts	98,225	270	17	98,512
Total receipts	101,525	270	106,797	208,592
Disbursements:				
Debt service - principal and interest	14,265	-	-	14,265
Utility operating expenses	75,900	-	-	75,900
Other disbursements	-	13,133	83,000	96,133
Total disbursements	90,165	13,133	83,000	186,298
Excess (deficiency) of receipts over disbursements	11,360	(12,863)	23,797	22,294
Cash and investments - ending	\$ 111,108	\$ 49,463	\$ 41,859	\$ 202,430

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

	Sewer Bond Sinking Fund	Sewer General Fund	Sewer Utility Fund/Sewer	Totals
Cash and investments - beginning	\$ 49,463	\$ 111,108	\$ 41,859	\$ 202,430
Receipts:				
Utility fees	-	-	116,070	116,070
Other receipts	96	92,919	671	93,686
Total receipts	96	92,919	116,741	209,756
Disbursements:				
Utility operating expenses	-	-	77,895	77,895
Other disbursements	12,000	91,428	1,533	104,961
Total disbursements	12,000	91,428	79,428	182,856
Excess (deficiency) of receipts over disbursements	(11,904)	1,491	37,313	26,900
Cash and investments - ending	\$ 37,559	\$ 112,599	\$ 79,172	\$ 229,330

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

	Sewer Bond Sinking Fund	Sewer General Fund	Sewer Utility Fund/Sewer	Totals
Cash and investments - beginning	\$ 37,559	\$ 112,599	\$ 79,172	\$ 229,330
Receipts:				
Utility fees	-	-	109,041	109,041
Other receipts	36	111,473	8	111,517
Total receipts	36	111,473	109,049	220,558
Disbursements:				
Utility operating expenses	-	78,025	-	78,025
Other disbursements	13,000	13,800	97,280	124,080
Total disbursements	13,000	91,825	97,280	202,105
Excess (deficiency) of receipts over disbursements	(12,964)	19,648	11,769	18,453
Cash and investments - ending	\$ 24,595	\$ 132,247	\$ 90,941	\$ 247,783

NINEVEH CONSERVANCY DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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>
Sewer:	
Infrastructure	\$ 122,532
Buildings	10,381
Machinery, equipment, and vehicles	196,970
Books and other	<u>4,802</u>
 Total Sewer	 <u>334,685</u>
 Total capital assets	 \$ <u><u>334,685</u></u>

NINEVEH CONSERVANCY DISTRICT
EXAMINATION RESULT AND COMMENT

CERTIFIED REPORT NOT FILED

The District did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the State Board of Accounts for 2010.

Indiana Code 5-11-13-1 states in part:

"(a) Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

NINEVEH CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2013, with Robert Wilson, President of the Board, and C. Allen Anderson, CPA. The officials concurred with our finding.