

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

EXAMINATION REPORT
OF
NATURE WORKS CONSERVANCY DISTRICT
PORTER COUNTY, INDIANA
January 1, 2000 to December 31, 2005



FILED
08/09/2006

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| Officials | 2 |
| Independent Accountant's Report | 3 |
| Schedules of Receipts, Disbursements, and Cash and Investment Balances..... | 4 |
| Notes to Schedules | 5 |
| Examination Results and Comments: | |
| Official Bond | 6 |
| Accounting for Investments | 6 |
| Errors on Claims | 6 |
| Prescribed Forms | 7 |
| Ordinances and Resolutions..... | 7 |
| Receipt Issuance | 7 |
| Exit Conference..... | 8 |

OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------|------------------|----------------------|
| Financial Clerk | Susan M. Farrell | 01-01-00 to 02-20-00 |
| | Tracy E. Ruiz | 02-21-00 to 04-30-06 |
| | John R. Marshall | 05-01-06 to 12-31-06 |
| Chairman of the Board | Barbara A. Young | 01-01-00 to 12-31-04 |
| | Timothy Dehring | 01-01-05 to 12-31-06 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NATURE WORKS CONSERVANCY DISTRICT, PORTER COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Nature Works Conservancy District (District), for the period of January 1, 2000 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, 2000, 2001, 2002, 2003, 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

July 17, 2006

NATURE WORKS CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2000, 2001, 2002, 2003, 2004, And 2005

| | Cash and Investments 01-01-00 | Receipts | Disbursements | Cash and Investments 12-31-00 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 626,743 | \$ 251,541 | \$ 553,339 | \$ 324,945 |
| Debt Service | - | 80,000 | 80,000 | - |
| Totals | <u>\$ 626,743</u> | <u>\$ 331,541</u> | <u>\$ 633,339</u> | <u>\$ 324,945</u> |

| | Cash and Investments 01-01-01 | Receipts | Disbursements | Cash and Investments 12-31-01 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 324,945 | \$ 282,532 | \$ 357,736 | \$ 249,741 |
| Debt Service | - | 85,000 | 85,000 | - |
| Totals | <u>\$ 324,945</u> | <u>\$ 367,532</u> | <u>\$ 442,736</u> | <u>\$ 249,741</u> |

| | Cash and Investments 01-01-02 | Receipts | Disbursements | Cash and Investments 12-31-02 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 249,741 | \$ 337,443 | \$ 266,288 | \$ 320,896 |
| Debt Service | - | 85,000 | 85,000 | - |
| Totals | <u>\$ 249,741</u> | <u>\$ 422,443</u> | <u>\$ 351,288</u> | <u>\$ 320,896</u> |

| | Cash and Investments 01-01-03 | Receipts | Disbursements | Cash and Investments 12-31-03 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 320,896 | \$ 291,396 | \$ 296,548 | \$ 315,744 |
| Debt Service | - | 90,000 | 90,000 | - |
| Totals | <u>\$ 320,896</u> | <u>\$ 381,396</u> | <u>\$ 386,548</u> | <u>\$ 315,744</u> |

| | Cash and Investments 01-01-04 | Receipts | Disbursements | Cash and Investments 12-31-04 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 315,744 | \$ 377,818 | \$ 321,752 | \$ 371,810 |
| Debt Service | - | 95,000 | 95,000 | - |
| Totals | <u>\$ 315,744</u> | <u>\$ 472,818</u> | <u>\$ 416,752</u> | <u>\$ 371,810</u> |

| | Cash and Investments 01-01-05 | Receipts | Disbursements | Cash and Investments 12-31-05 |
|---------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds: | | | | |
| General | \$ 371,810 | \$ 446,978 | \$ 379,530 | \$ 439,258 |
| Debt Service | - | 100,000 | 100,000 | - |
| Totals | <u>\$ 371,810</u> | <u>\$ 546,978</u> | <u>\$ 479,530</u> | <u>\$ 439,258</u> |

The accompanying notes are an integral part of the schedules.

NATURE WORKS CONSERVANCY DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: collection and treatment of liquid waste and storm water management.

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. 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.

Note 4. Long-Term Debt

The District has entered into bonds for the construction of the collection and treatment system. The outstanding principal at December 31, 2005, was \$455,000.

NATURE WORKS CONSERVANCY DISTRICT EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The District purchased an employee dishonesty bond for the financial clerk which was filed in the office of the County Recorder; however, the bond was not payable to the State of Indiana as required.

Indiana Code 5-4-1-10 states in part: "All official bonds shall be payable to the state of Indiana . . ."

ACCOUNTING FOR INVESTMENTS

The District invested in Certificates of Deposit. These investments were not entered on Prescribed Form 350, Register of Investments. Several purchases and sales of investments were not posted to the ledgers. In addition, we noted some instances where interest earned on investments was automatically added to the principal and not recorded in the records.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ERRORS ON CLAIMS

We noted that claims were not prepared for disbursements and that the fiscal officer was not providing the required certification of the invoices during the audit period.

Indiana Code 5-11-10-1.6 states, in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

(4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and"

"(e) The certification provided for in subsection (c)(4) must be on a form prescribed by the state board of accounts."

NATURE WORKS CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

Utility Form 323 - Simplified Cash Journal - Municipal Sewage Utility
General Form 350 - Register of Investments
General Form 352 - Receipt
General Form 353 - Check

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ORDINANCES AND RESOLUTIONS

The District has resolutions concerning the establishment of funds to account for the repayment of revenue bonds and the setting aside of excess revenues for improvements or future expansion. Four funds are required by the bond resolutions; however, the District uses only two funds (General and Debt Service Funds).

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10)

RECEIPT ISSUANCE

The information presented for audit indicates that receipts were not issued for any monies received including utility collections, interest and tap-on fees.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10)

NATURE WORKS CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2006, with John R. Marshall, Financial Clerk; Tracy E. Ruiz, former Financial Clerk; Gina Manns, Accounting Manager; Tim Dehring, Chairman of the Board; and David Hollenbeck, District Attorney.