

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

NATURE WORKS CONSERVANCY DISTRICT

PORTER COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
10/23/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Jennifer Ray	01-01-11 to 12-31-15
President of the Board of Directors	Kevin E. Steele	01-01-11 to 12-31-15



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statements of the Nature Works 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. 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, 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 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

August 6, 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.

NATURE WORKS 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
Drainage-General	\$ 162,447	\$ 125,663	\$ 77,319	\$ 210,791	\$ 125,183	\$ 143,074	\$ 192,900
Wastewater Utility-Sewer	<u>411,465</u>	<u>368,891</u>	<u>344,666</u>	<u>435,690</u>	<u>377,515</u>	<u>260,604</u>	<u>552,601</u>
Totals	<u>\$ 573,912</u>	<u>\$ 494,554</u>	<u>\$ 421,985</u>	<u>\$ 646,481</u>	<u>\$ 502,698</u>	<u>\$ 403,678</u>	<u>\$ 745,501</u>

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

NATURE WORKS 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
Drainage-General	\$ 192,900	\$ 126,563	\$ 77,422	\$ 242,041	\$ 125,295	\$ 75,279	\$ 292,057
Wastewater Utility-Sewer	<u>552,601</u>	<u>368,406</u>	<u>338,933</u>	<u>582,074</u>	<u>372,210</u>	<u>334,110</u>	<u>620,174</u>
Totals	<u>\$ 745,501</u>	<u>\$ 494,969</u>	<u>\$ 416,355</u>	<u>\$ 824,115</u>	<u>\$ 497,505</u>	<u>\$ 409,389</u>	<u>\$ 912,231</u>

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

NATURE WORKS 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.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

NATURE WORKS CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

F. 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 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.

NATURE WORKS CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; 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 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.

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

	<u>Drainage-General</u>	<u>Wastewater Utility-Sewer</u>	<u>Totals</u>
Cash and investments - beginning	\$ 162,447	\$ 411,465	\$ 573,912
Receipts:			
Taxes	125,438	-	125,438
Utility fees	-	368,286	368,286
Other receipts	<u>225</u>	<u>605</u>	<u>830</u>
Total receipts	<u>125,663</u>	<u>368,891</u>	<u>494,554</u>
Disbursements:			
Supplies	24	-	24
Other services and charges	67,295	9,372	76,667
Capital outlay	10,000	108,880	118,880
Utility operating expenses	<u>-</u>	<u>226,414</u>	<u>226,414</u>
Total disbursements	<u>77,319</u>	<u>344,666</u>	<u>421,985</u>
Excess (deficiency) of receipts over disbursements	<u>48,344</u>	<u>24,225</u>	<u>72,569</u>
Cash and investments - ending	<u>\$ 210,791</u>	<u>\$ 435,690</u>	<u>\$ 646,481</u>

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

	<u>Drainage-General</u>	<u>Wastewater Utility-Sewer</u>	<u>Totals</u>
Cash and investments - beginning	\$ 210,791	\$ 435,690	\$ 646,481
Receipts:			
Taxes	125,091	-	125,091
Utility fees	-	376,937	376,937
Other receipts	<u>92</u>	<u>578</u>	<u>670</u>
Total receipts	<u>125,183</u>	<u>377,515</u>	<u>502,698</u>
Disbursements:			
Supplies	13	-	13
Other services and charges	78,499	3,878	82,377
Capital outlay	64,562	10,980	75,542
Utility operating expenses	<u>-</u>	<u>245,746</u>	<u>245,746</u>
Total disbursements	<u>143,074</u>	<u>260,604</u>	<u>403,678</u>
Excess (deficiency) of receipts over disbursements	<u>(17,891)</u>	<u>116,911</u>	<u>99,020</u>
Cash and investments - ending	<u>\$ 192,900</u>	<u>\$ 552,601</u>	<u>\$ 745,501</u>

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

	<u>Drainage-General</u>	<u>Wastewater Utility-Sewer</u>	<u>Totals</u>
Cash and investments - beginning	\$ 192,900	\$ 552,601	\$ 745,501
Receipts:			
Taxes	126,513	-	126,513
Utility fees	-	368,088	368,088
Other receipts	<u>50</u>	<u>318</u>	<u>368</u>
Total receipts	<u>126,563</u>	<u>368,406</u>	<u>494,969</u>
Disbursements:			
Supplies	1,323	-	1,323
Other services and charges	76,099	3,635	79,734
Capital outlay	-	94,463	94,463
Utility operating expenses	<u>-</u>	<u>240,835</u>	<u>240,835</u>
Total disbursements	<u>77,422</u>	<u>338,933</u>	<u>416,355</u>
Excess (deficiency) of receipts over disbursements	<u>49,141</u>	<u>29,473</u>	<u>78,614</u>
Cash and investments - ending	<u>\$ 242,041</u>	<u>\$ 582,074</u>	<u>\$ 824,115</u>

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

	<u>Drainage-General</u>	<u>Wastewater Utility-Sewer</u>	<u>Totals</u>
Cash and investments - beginning	\$ 242,041	\$ 582,074	\$ 824,115
Receipts:			
Taxes	125,243	-	125,243
Utility fees	-	371,920	371,920
Other receipts	<u>52</u>	<u>290</u>	<u>342</u>
Total receipts	<u>125,295</u>	<u>372,210</u>	<u>497,505</u>
Disbursements:			
Other services and charges	75,279	3,705	78,984
Capital outlay	-	80,635	80,635
Utility operating expenses	<u>-</u>	<u>249,770</u>	<u>249,770</u>
Total disbursements	<u>75,279</u>	<u>334,110</u>	<u>409,389</u>
Excess (deficiency) of receipts over disbursements	<u>50,016</u>	<u>38,100</u>	<u>88,116</u>
Cash and investments - ending	<u>\$ 292,057</u>	<u>\$ 620,174</u>	<u>\$ 912,231</u>

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NATURE WORKS 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
Governmental activities:	
Improvements other than buildings	\$ 145,192
Wastewater:	
Land	13,456
Infrastructure	1,581,240
Machinery, equipment, and vehicles	23,320
Total Wastewater	1,618,016
Total capital assets	\$ 1,763,208

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/>.