

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

FINANCIAL STATEMENTS AUDIT REPORT

OF

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT

FULTON COUNTY, INDIANA

January 1, 2017 to December 31, 2020



FILED
08/03/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terry Baker	01-01-17 to 12-31-17
	Tim Overdorf	01-01-18 to 09-09-18
	Mitch Yeakley	09-10-18 to 12-31-19
	Judy Copeland	01-01-20 to 10-05-20
	(Vacant)	10-06-20 to 12-31-20
	John (Randy) Hill	01-01-21 to 07-06-21
	Joyce Shafer	07-07-21 to 12-31-21
	John (Randy) Hill	01-01-22 to 12-31-22
Chair of the District Board	Dave Westcott	01-01-17 to 09-05-17
	Tom Trent	09-06-17 to 12-31-17
	Terry Baker	01-01-18 to 12-31-19
	Michael Trigg	01-01-20 to 12-31-20
	Mark Butler	01-01-21 to 12-31-21
	Tom Trent	01-01-22 to 12-31-22



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Nyona-South Mud Lakes Conservancy District (District), which comprise the financial position and results of operations for the period of January 1, 2017 to December 31, 2020, and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statements, 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 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance 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, 2017 to December 31, 2020.

Opinion on Regulatory Basis of Accounting

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, 2017 to December 31, 2020, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit 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 auditing procedures applied by us in the audit of the financial statements, and, accordingly, we express no opinion on them.

The District did not provide a general ledger for audit for 2019 and 2020. As a result, the financial statement for those years was prepared from supporting documentation only, including bank statements, accounts payable vouchers, billing reports, deposit slips, receipt copies, etc. Our opinion is not modified with respect to this matter.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 29, 2022

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.

NYONA-SOUTH MUD LAKE CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2017 and 2018

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17	Receipts	Disbursements	Cash and Investments 12-31-18
Money Market	\$ 183,031	\$ 82	\$ 100,048	\$ 83,065	\$ 41	\$ 10,040	\$ 73,066
Bond And Interest Fund	6,114	-	72,637	(66,523)	141,264	74,741	-
Debt Service Reserve	74,631	-	-	74,631	-	-	74,631
Operating Fund	<u>21,160</u>	<u>356,095</u>	<u>231,935</u>	<u>145,320</u>	<u>268,562</u>	<u>411,191</u>	<u>2,691</u>
Totals	<u>\$ 284,936</u>	<u>\$ 356,177</u>	<u>\$ 404,620</u>	<u>\$ 236,493</u>	<u>\$ 409,867</u>	<u>\$ 495,972</u>	<u>\$ 150,388</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 Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Money Market	\$ 73,066	\$ 48	\$ 73,114	\$ -	\$ -	\$ -	\$ -
Bond And Interest Fund	-	73,778	73,778	-	73,816	73,816	-
Debt Service Reserve	74,631	-	-	74,631	-	-	74,631
Operating Fund	2,691	386,114	380,206	8,599	291,908	313,464	(12,957)
Totals	<u>\$ 150,388</u>	<u>\$ 459,940</u>	<u>\$ 527,098</u>	<u>\$ 83,230</u>	<u>\$ 365,724</u>	<u>\$ 387,280</u>	<u>\$ 61,674</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 a 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:

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 4. Cash Balance Deficits

The financial statements contain some funds with deficits in cash. This is a result of the District not making required monthly transfers in accordance with its bond ordinance into the Bond and Interest Fund throughout 2017. In addition, the Operating Fund was overdrawn as of December 31, 2020, due to the District's operating expenditures exceeding its receipts.

Note 5. Subsequent Events

On August 2, 2021, the Board of Directors adopted Sewer Rate Ordinance No. 08022021-1, which increased usage rates by approximately 27 percent for most freeholders. The purpose of the ordinance was to establish rates and charges so as to produce sufficient revenue to pay expenses of maintenance and operation, debt service requirements, and to provide funds for necessary replacements and improvements to the sewage works. The rates and charges set forth in the ordinance became effective September 1, 2021.

On January 5, 2022, the Board of Directors approved a professional utility billing, collections, operations, maintenance and management agreement (contract) with Astbury Water Technology, Inc (Astbury). The contract term is 4 years, or 48 months, and became effective as of January 7, 2022. Beginning on this "commencement date," the District shall pay Astbury a fixed monthly fee (Base Compensation) totaling \$13,306. The base compensation is subject to an increase according to the Consumer Price Index, applied at the conclusion of each agreement year.

OTHER INFORMATION - UNAUDITED

The District's Annual Financial Reports information can be found on the Indiana Gateway for Government Units 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 District's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

NYONA-SOUTH MUD LAKE CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2017

	Money Market	Bond And Interest Fund	Debt Service Reserve	Operating Fund	Totals
Cash and investments - beginning	\$ 183,031	\$ 6,114	\$ 74,631	\$ 21,160	\$ 284,936
Receipts:					
Utility fees	-	-	-	244,915	244,915
Other receipts	82	-	-	111,180	111,262
Total receipts	82	-	-	356,095	356,177
Disbursements:					
Personal services	-	-	-	79,824	79,824
Other services and charges	48	-	-	11,816	11,864
Debt service - principal and interest	-	72,637	-	-	72,637
Capital outlay	-	-	-	9,988	9,988
Utility operating expenses	-	-	-	126,227	126,227
Other disbursements	100,000	-	-	4,080	104,080
Total disbursements	100,048	72,637	-	231,935	404,620
Excess (deficiency) of receipts over disbursements	(99,966)	(72,637)	-	124,160	(48,443)
Cash and investments - ending	\$ 83,065	\$ (66,523)	\$ 74,631	\$ 145,320	\$ 236,493

NYONA-SOUTH MUD LAKE CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2018

	Money Market	Bond And Interest Fund	Debt Service Reserve	Operating Fund	Totals
Cash and investments - beginning	\$ 83,065	\$ (66,523)	\$ 74,631	\$ 145,320	\$ 236,493
Receipts:					
Utility fees	-	-	-	241,086	241,086
Other receipts	41	141,264	-	27,476	168,781
Total receipts	41	141,264	-	268,562	409,867
Disbursements:					
Personal services	-	-	-	80,483	80,483
Other services and charges	40	-	-	11,345	11,385
Debt service - principal and interest	-	74,741	-	-	74,741
Utility operating expenses	-	-	-	166,424	166,424
Other disbursements	10,000	-	-	152,939	162,939
Total disbursements	10,040	74,741	-	411,191	495,972
Excess (deficiency) of receipts over disbursements	(9,999)	66,523	-	(142,629)	(86,105)
Cash and investments - ending	\$ 73,066	\$ -	\$ 74,631	\$ 2,691	\$ 150,388

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2019

	Money Market	Bond And Interest Fund	Debt Service Reserve	Operating Fund	Totals
Cash and investments - beginning	\$ 73,066	\$ -	\$ 74,631	\$ 2,691	\$ 150,388
Receipts:					
Utility fees	-	-	-	290,355	290,355
Other receipts	48	73,778	-	95,759	169,585
Total receipts	48	73,778	-	386,114	459,940
Disbursements:					
Personal services	-	-	-	87,214	87,214
Other services and charges	76	-	-	9,964	10,040
Debt service - principal and interest	-	73,778	-	-	73,778
Utility operating expenses	-	-	-	150,281	150,281
Other disbursements	73,038	-	-	132,747	205,785
Total disbursements	73,114	73,778	-	380,206	527,098
Excess (deficiency) of receipts over disbursements	(73,066)	-	-	5,908	(67,158)
Cash and investments - ending	\$ -	\$ -	\$ 74,631	\$ 8,599	\$ 83,230

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2020

	Money Market	Bond And Interest Fund	Debt Service Reserve	Operating Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 74,631	\$ 8,599	\$ 83,230
Receipts:					
Charges for services	-	73,816	-	-	73,816
Utility fees	-	-	-	113,987	113,987
Other receipts	-	-	-	177,921	177,921
Total receipts	-	73,816	-	291,908	365,724
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	73,816	-	73,816	147,632
Utility operating expenses	-	-	-	31,720	31,720
Other disbursements	-	-	-	207,928	207,928
Total disbursements	-	73,816	-	313,464	387,280
Excess (deficiency) of receipts over disbursements	-	-	-	(21,556)	(21,556)
Cash and investments - ending	\$ -	\$ -	\$ 74,631	\$ (12,957)	\$ 61,674

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NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2020

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ -	\$ -
Sewage Works	<u>308,620</u>	<u>335,052</u>
Totals	<u>\$ 308,620</u>	<u>\$ 335,052</u>

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2020

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	\$ 814,000	\$ 53,416
Revenue bonds	Sewage Works Revenue Bonds of 2006 Series B	<u>330,000</u>	<u>22,350</u>
Total governmental activities		<u>1,144,000</u>	<u>75,766</u>
Totals		<u><u>\$ 1,144,000</u></u>	<u><u>\$ 75,766</u></u>

NYONA-SOUTH MUD LAKES CONSERVANCY DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2020

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>
Governmental activities:	
Land	\$ 11,634
Buildings	240,000
Improvements other than buildings	3,965,424
Machinery, equipment, and vehicles	<u>94,428</u>
Total governmental activities	<u>4,311,486</u>
Sewage Works:	
Land	11,634
Buildings	240,000
Improvements other than buildings	8,415
Machinery, equipment, and vehicles	<u>115,856</u>
Total Sewage Works	<u>375,905</u>
Total capital assets	<u><u>\$ 4,687,391</u></u>

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/>.