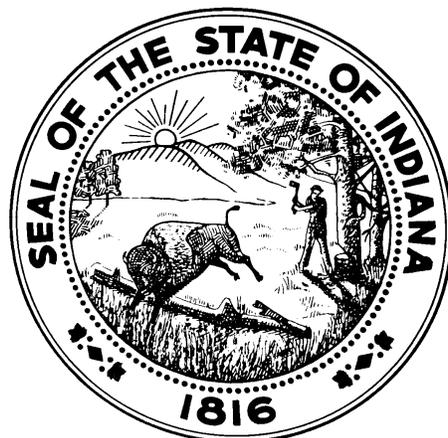


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
HART LAKE CONSERVANCY DISTRICT
MORGAN COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/10/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Diana Adams	01-01-06 to 02-28-09
President of the Board	Jack Adams	01-01-06 to 02-28-09



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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 HART LAKE CONSERVANCY DISTRICT, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of the Hart Lake Conservancy District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. This schedule has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 8, 2008

HART LAKE CONSERVANCY DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2006 And 2007

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Fund: General	\$ 96,505	\$ 52,379	\$ 53,976	\$ 94,908
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Fund: General	\$ 94,908	\$ 15,209	\$ 34,031	\$ 76,086
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The accompanying notes are an integral part of the financial information.

HART LAKE CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides a water supply for public use (particularly fire protection) and the maintenance and improvement of the Hart Lake Dam for water based recreational purposes.

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. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Special Benefits Taxes

Special benefits taxes levied are collected by the County Treasurer and are distributed to the District in June and December in the same manner as property taxes. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

Note 5. 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.

HART LAKE CONSERVANCY DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,000
Buildings	<u>5,000</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 6,000</u>

HART LAKE CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

The special benefits tax distributions received by the District from the County during 2007 were deposited into the District's bank account from 23 to 48 days after the date distributed by the County Auditor.

Indiana Code 5-13-6-1(c) states: ". . . all local officers, . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository . . ."

OFFICIAL BOND

The official bond for the Financial Clerk was not recorded with the County Recorder's office.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

HART LAKE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2008, with Diana Adams, Financial Clerk. The official concurred with our findings.