

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

EXAMINATION REPORT
OF
NEW LONDON CONSERVANCY DISTRICT
HOWARD COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
12/29/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information:	
Schedule of Capital Assets.....	6
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Board Minutes.....	8
Official Bond	8
Conflict of Interest.....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Judith K. Johnson	01-01-07 to 12-31-09
President of the Board	Stephen Johnson	01-01-07 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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 NEW LONDON CONSERVANCY
DISTRICT, HOWARD COUNTY, INDIANA

We have examined the financial information presented herein of the New London Conservancy District (District), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 29, 2009

NEW LONDON CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
BUSINESS TYPE ACTIVITIES
As Of And For The Years Ended December 31, 2007 And 2008

	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Business-type Activities:				
Wastewater Utility:				
Operating	\$ 8,062	\$ 42,830	\$ 42,372	\$ 8,520
Bond and Interest	7,836	20	-	7,856
Depreciation	224	1	-	225
Construction	<u>32,928</u>	<u>130</u>	<u>-</u>	<u>33,058</u>
Totals	<u>\$ 49,050</u>	<u>\$ 42,981</u>	<u>\$ 42,372</u>	<u>\$ 49,659</u>
	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
Business-type Activities:				
Wastewater Utility:				
Operating	\$ 8,520	\$ 40,898	\$ 39,536	\$ 9,882
Bond and Interest	7,856	13	-	7,869
Depreciation	225	-	-	225
Construction	<u>33,058</u>	<u>-</u>	<u>-</u>	<u>33,058</u>
Totals	<u>\$ 49,659</u>	<u>\$ 40,911</u>	<u>\$ 39,536</u>	<u>\$ 51,034</u>

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

NEW LONDON CONSERVANCY DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides waste-water removal services.

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. Howard County Loan

During 2004, the New London Conservancy District received a \$35,000 loan from Howard County. This loan was to be repaid over fifteen (15) years, with no interest. The purpose of the loan was for the matching share of a federal grant that was being applied for; however, the District did not receive the grant. The District has made one payment, in April 2006, towards the loan balance. As of December 31, 2008, the remaining outstanding balance on this loan was \$32,667.

Note 5. Subsequent Event

The Conservancy District has signed an Interim Interlocal Cooperative Agreement with the Town of Russiaville. The agreement states that the Town of Russiaville will manage the operation of the Sewage Works, including all maintenance, labor and supplies necessary for such operation and the management of all billing and accounting functions related to the Sewage Works, until a plan is finalized whereby Russiaville would acquire the ownership and all aspects of the operation of the Sewage Works. This acquisition plan involves the dissolution of the New London Conservancy District. As of the issuance of this examination report, a completion date for the acquisition plan could not be determined.

NEW LONDON CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

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 market value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Land	\$ 5,000
Buildings	3,605
Improvements other than buildings	850,401
Machinery and equipment	<u>259</u>
Total Wastewater Utility capital assets	<u>\$ 859,265</u>

NEW LONDON CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2008

<u>Description of Debt</u>	<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
Business-type activities:		
Wastewater Utility:		
Loans payable:		
Loan from Howard County	\$ 32,667	\$ -
Revenue Bonds:		
Sewage Works Refunding Revenue Bonds of 2005	<u>181,000</u>	<u>17,463</u>
Total Wastewater Utility	<u>\$ 213,667</u>	<u>\$ 17,463</u>

NEW LONDON CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Minutes of meetings of the governing body were not available for examination for January 2007 through January 2009.

IC 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A records of all votes taken, by individual if there is a roll call.
- (5) Any additional information required under Indiana Code 5-1.5-2-2.5 or Indiana Code 20-12-63-7."

OFFICIAL BOND

The New London Conservancy District Financial Clerk, Judith K. Johnson, was not bonded during the examination period, nor in the current year.

A financial clerk shall execute a surety bond in the manner prescribed by IC 5-4-1. (IC 14-33-518(b))

IC 5-4-1-5.1(b) state 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. . . ."

NEW LONDON CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONFLICT OF INTEREST

As previously reported in Reports B26948 and B30867, Stephen Johnson, President of the Board; and Judith K. Johnson, Financial Clerk, are husband and wife. An Annual Conflict of Interest Disclosure Statement has not ever been filed.

IC 35-44-1-3 states in part:

"(a) A public servant how knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D Felony."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) If the public servant: (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . ."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made b the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty or perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependant of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant."

"(k) As used in this section, "dependent" means any of the following: (1) The spouse of a public servant. (2) a child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

NEW LONDON CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2009, with Stephen Johnson, President of the Board; and Judith K. Johnson, Financial Clerk. The officials concurred with our findings.