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

EXAMINATION REPORT
OF
VAN BIBBER LAKE CONSERVANCY DISTRICT
PUTNAM COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
05/18/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Secretary	Mary Anderson	01-01-07 to 12-31-10
President of the Board	Jerry L. Thacker	01-01-07 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE VAN BIBBER LAKE CONSERVANCY
DISTRICT, PUTNAM COUNTY, INDIANA

We have examined the financial information presented herein of the Van Bibber Lake 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 Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It 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

March 8, 2010

VAN BIBBER LAKE CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Water Utility Operating	\$ 20,321	\$ 163,370	\$ 170,371	\$ 13,320
Water Utility Bond and Interest	24,174	-	-	24,174
Water Utility Improvement	3,942	-	-	3,942
Wastewater Utility Operating	68,634	249,337	214,352	103,619
Wastewater Utility Bond and Interest	25,352	-	79,633	(54,281)
Wastewater Utility Depreciation	11,060	-	12,952	(1,892)
Wastewater Improvement	300	-	-	300
Totals	<u>\$ 153,783</u>	<u>\$ 412,707</u>	<u>\$ 477,308</u>	<u>\$ 89,182</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Proprietary Funds:				
Water Utility Operating	\$ 13,320	\$ 143,958	\$ 175,524	\$ (18,246)
Water Utility Bond and Interest	24,174	-	12,000	12,174
Water Utility Improvement	3,942	28	-	3,970
Wastewater Utility Operating	103,619	282,141	370,751	15,009
Wastewater Utility Bond and Interest	(54,281)	67,605	13,324	-
Wastewater Utility SRF Bond and Interest	-	29,357	-	29,357
Wastewater Utility Depreciation	(1,892)	84,759	82,867	-
Wastewater Improvement	300	-	-	300
Totals	<u>\$ 89,182</u>	<u>\$ 607,848</u>	<u>\$ 654,466</u>	<u>\$ 42,564</u>

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

VAN BIBBER 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 the following services: water treatment, wastewater treatment, and general administrative 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. 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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. 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.

VAN BIBBER LAKE CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Commercial loan	\$ 216,854	\$ 33,409
IDNR flood control loan	82,500	11,625
Revenue bonds:		
Waterworks improvements	<u>162,016</u>	<u>13,215</u>
Total Water Utility	<u>461,370</u>	<u>58,249</u>
Wastewater Utility:		
State Revolving Fund loan 2001	601,000	58,035
State Revolving Fund loan 2003	274,484	26,952
Revenue bonds:		
Wastewater improvements	<u>142,000</u>	<u>19,437</u>
Total Wastewater Utility	<u>1,017,484</u>	<u>104,424</u>
Total business-type activities debt:	<u>\$ 1,478,854</u>	<u>\$ 162,673</u>

VAN BIBBER LAKE CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

EXECUTIVE SESSIONS (Water and Wastewater Utilities)

During 2008, the Conservancy District Board held an executive session immediately preceding each regularly scheduled monthly meeting. These executive sessions were not advertised. Minutes of the executive sessions did not reveal appropriate statutory purposes for private meetings of the Board.

IC 5-14-1.5-6.1(b) lists the circumstances under which an executive session may be held, including the following:

1. Where authorized by federal or state statute.
2. For discussion of strategy for: collective bargaining; initiation of litigation or litigation which is either pending or has been threatened specifically in writing; implementation of security systems; or purchase or lease of real property up to the time a contract or option to purchase or lease is executed by the parties.
3. To receive information about, and interview, prospective employees.
4. With respect to any employee's status or alleged misconduct.
5. For discussion of confidential records.
6. To discuss job performance evaluations of individual employees.

Final action on matters discussed in executive session must be taken at a meeting open to the public. Minutes of executive sessions must identify the subject matter considered by specific reference to the enumerated instance or instances for which public notice was given. The board must certify by a statement in its memoranda and minutes that it discussed no subject matter in the executive session other than the subject matter specified in the public notice. [IC 5-14-1.5-6.1]

OVERDRAWN FUND BALANCES (Water and Wastewater Utilities)

The Wastewater Bond & Interest Fund and the Wastewater Depreciation Fund were overdrawn at December 31, 2007.

The Water Operating Fund was overdrawn at December 31, 2008, due in part to late distribution of property taxes from Putnam County.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 7)

PERSONAL EXPENSES (Wastewater Utility)

The Conservancy District purchased flowers from the Wastewater Operating Fund for a Board member who was ill.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

VAN BIBBER LAKE CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed in separate exit conferences on March 8, 2010, with Mary Anderson, Financial Secretary; Jerry L. Thacker, President of the Board; Larry Jones, Board Vice Chairman; Janet Huffman, Board Secretary; and Robert Vandagriff, Board member.