

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, 2009 to December 31, 2010



FILED
05/09/2011

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OFFICIALS

Office

Official

Term

Financial Clerk

Linda Downey

01-01-09 to 12-31-11

Town Council President

Mark Fulk

01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NEW LONDON CONSERVANCY DISTRICT, HOWARD COUNTY, INDIANA

We have examined the financial information presented herein of New London Conservancy District (District), for the period of January 1, 2009 to December 31, 2010. 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, 2009 and 2010, 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

March 15, 2011

NEW LONDON CONSERVANCY DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2009 And 2010

	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
Proprietary Funds:				
Wastewater Utility:				
Operating	\$ 9,882	\$ 88,459	\$ 83,768	\$ 14,573
Bond and Interest	7,869	7	-	7,876
Depreciation	225	2	-	227
Loan/Construction	<u>33,058</u>	<u>119</u>	<u>-</u>	<u>33,177</u>
Totals	<u>\$ 51,034</u>	<u>\$ 88,587</u>	<u>\$ 83,768</u>	<u>\$ 55,853</u>
	<u>Cash and Investments 01-01-10</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-10</u>
Proprietary Funds:				
Wastewater Utility:				
Operating	\$ 14,573	\$ 36,654	\$ 47,484	\$ 3,743
Bond and Interest	7,876	238	-	8,114
Depreciation	227	-	227	-
Loan/Construction	<u>33,177</u>	<u>84</u>	<u>-</u>	<u>33,261</u>
Totals	<u>\$ 55,853</u>	<u>\$ 36,976</u>	<u>\$ 47,711</u>	<u>\$ 45,118</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 the following services: public safety, health and social services, culture and recreation, 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. 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 Loans

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 two payments towards the loan balance, one in April 2006 and one in September 2010. The District also received a \$46,000 loan from Howard County in 2009. The purpose of this loan was to help defray legal fees incurred as part of the dissolution of the District. As of December 31, 2010, the remaining outstanding balance on these loans was \$76,334.

Note 5. Subsequent Event

The Conservancy District signed an Interim Interlocal Cooperative Agreement with the Town of Russiaville in 2006. The agreement stated that the Town of Russiaville would manage the operation of the Sewage Works facility, including all maintenance, labor and supplies necessary for such operation and the management of all billing and accounting functions related to the Sewage Works operation, until a plan is finalized that would allow Russiaville to acquire ownership and assume aspects of the operation of the District's sewage facility. This acquisition plan involved the dissolution of the New London Conservancy District. An estimated completion date for the acquisition plan is the spring of 2011.

NEW LONDON CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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>
Business-type activities:	
Wastewater Utility:	
Land	\$ 5,000
Buildings	3,605
Improvements other than buildings	850,401
Machinery and equipment	<u>4,249</u>
Total business-type activities, capital assets not being depreciated	<u><u>\$ 863,255</u></u>

NEW LONDON CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Loan payable:		
Loan from Howard County	\$ 76,334	\$ 2,333
Revenue bonds:		
Sewage Works Refunding Revenue Bonds of 2005	<u>168,000</u>	<u>17,667</u>
Total Wastewater Utility	<u>\$ 244,334</u>	<u>\$ 20,000</u>

NEW LONDON CONSERVANCY DISTRICT EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

An official bond for the District's Financial Clerk, Linda Downey, was not filed in the Office of the County Recorder.

IC 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. . . ."

TIMELY RECORDKEEPING

We noted instances of months from the original date of transactions until entry on the records.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ORDINANCES AND RESOLUTIONS

The New London Conservancy District has an ordinance concerning the Sewage Works Revenue Refunding Bonds of 1995. This ordinance requires monthly transfers to the Bond and Interest Fund to meet bond payments. This ordinance also requires monthly transfers to a Debt Service Reserve Fund to accumulate money as a margin of safety for the bondholders. The District did not make the necessary transfers into the Bond and Interest Fund nor did it establish the required Debt Service Reserve Fund.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

NEW LONDON CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2011, with Linda Downey, Financial Clerk, and Mark Fulk, Town Council President. The officials concurred with our findings.