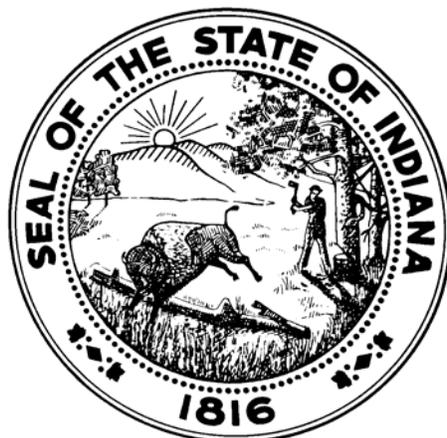


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF

ROCK CREEK CASS CARROLL  
CONSERVANCY DISTRICT  
CASS COUNTY, INDIANA

January 1, 2003 to December 31, 2005



**FILED**  
7/19/06



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OFFICIALS

Office

Official

Term

Financial Clerk

Lonetta K. Felz

01-01-03 to 12-31-06

President of the Board

Thomas Helms

01-01-03 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE ROCK CREEK CASS CARROLL  
CONSERVANCY DISTRICT, CASS COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Rock Creek Cass Carroll Conservancy District (District), for the period of January 1, 2003 to December 31, 2005. The District's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 7, 2006

ROCK CREEK CASS CARROLL CONSERVANCY DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUND TYPE  
As Of And For The Years Ended December 31, 2003, 2004, And 2005

	<u>Cash and Investments 01-01-03</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-03</u>
General	<u>\$ 14,507</u>	<u>\$ -</u>	<u>\$ 9,943</u>	<u>\$ 4,564</u>
	<u>Cash and Investments 01-01-04</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-04</u>
General	<u>\$ 4,564</u>	<u>\$ 32,577</u>	<u>\$ 15,200</u>	<u>\$ 21,941</u>
	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
General	<u>\$ 21,941</u>	<u>\$ 61,533</u>	<u>\$ 32,768</u>	<u>\$ 50,706</u>

The accompanying notes are an integral part of the schedules.

ROCK CREEK CASS CARROLL CONSERVANCY DISTRICT  
NOTES TO SCHEDULES

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. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received 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.

ROCK CREEK CASS CARROLL CONSERVANCY DISTRICT  
EXAMINATION RESULT AND COMMENT

EXTRA COMPENSATION

The financial clerk received compensation over and above her annual \$2,000 salary for "Extra Help" in 2003, 2004, and 2005 in the amounts of \$1,594, \$750, and \$906, respectively. This extra compensation was billed and paid at an hourly rate of \$62.50. There was no salary ordinance or resolution in the minutes to provide for this extra compensation in 2003. The minutes of the annual meetings for 2004 and 2005 stated: "\$62.50 for miscellaneous help for legal council (sic)." The District has not established a written description of the duties of their financial clerk. The work that was billed was more of a financial nature than a legal nature, and would normally be considered among the duties of a financial clerk such as:

- Preparing W-2's, 1099s, and quarterly payroll tax returns.
- Assembling budgets, attending budget workshops and hearings
- Faxing notices of meetings and budget to newspapers
- Gathering records and paperwork for audit
- Attending audit exit conference
- Obtaining official bond

Indiana Code 14-33-5-18(a) states in part: "The board may appoint, prescribe the duties, and fix the compensation of a financial clerk."

Indiana Code 14-33-5-20 headed "Duties of the Board" states in part: "The Board shall do the following: . . . (4) Prescribe the qualifications of, appoint, remove, and fix the compensation of the employees of the district. The compensation must be reasonable and similar in amount to the compensation allowed employees performing similar service for the state and political subdivisions of the state."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guideline Manual for Special Districts, Chapter 10)

ROCK CREEK CASS CARROLL CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on June 7, 2006, with Lonetta K. Felz, Financial Clerk. The official concurred with our finding.