

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

EXAMINATION REPORT
OF

HANCOCK COUNTY SOIL AND WATER
CONSERVATION DISTRICT
HANCOCK COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
08/29/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Supervisor/Treasurer	Thomas Roney	01-01-04 to 12-31-04
	Thomas C. Nigh	01-01-05 to 12-31-05
	Raymond L. Helms	01-01-06 to 12-31-06
Secretary/Treasurer	Lisa Bodell	01-01-04 to 03-14-04
	Judy Coomer	03-15-04 to 09-14-04
	Cynthia A. Beckner	09-15-04 to 12-31-06
President of the Board of Supervisors	Steve Lewis	01-01-04 to 04-11-04
	Jim Cherry	04-12-04 to 04-03-06
	Thomas C. Nigh	04-04-06 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE HANCOCK COUNTY SOIL AND WATER
CONSERVATION DISTRICT, HANCOCK COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Hancock County Soil and Water Conservation District (District), for the period of January 1, 2004 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, 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

August 16, 2006

HANCOCK COUNTY SOIL AND WATER CONSERVATION DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2004 And 2005

	<u>Cash and Investments 01-01-04</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-04</u>										
General	<u>\$ 44,397</u>	<u>\$ 14,786</u>	<u>\$ 25,390</u>	<u>\$ 33,793</u>										
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 15%; text-align: center;"><u>Cash and Investments 01-01-05</u></th> <th style="width: 15%; text-align: center;"><u>Receipts</u></th> <th style="width: 15%; text-align: center;"><u>Disbursements</u></th> <th style="width: 15%; text-align: center;"><u>Cash and Investments 12-31-05</u></th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">General</td> <td style="text-align: right;"><u>\$ 33,793</u></td> <td style="text-align: right;"><u>\$ 18,841</u></td> <td style="text-align: right;"><u>\$ 17,334</u></td> <td style="text-align: right;"><u>\$ 35,300</u></td> </tr> </tbody> </table>						<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>	General	<u>\$ 33,793</u>	<u>\$ 18,841</u>	<u>\$ 17,334</u>	<u>\$ 35,300</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>\$ 33,793</u>	<u>\$ 18,841</u>	<u>\$ 17,334</u>	<u>\$ 35,300</u>										

The accompanying notes are an integral part of the schedules.

HANCOCK COUNTY SOIL AND WATER CONSERVATION DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides soil and water conservation 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.

HANCOCK COUNTY SOIL AND WATER CONSERVATION DISTRICT
EXAMINATION RESULTS AND COMMENTS

UNDEPOSITED RECEIPTS

We noted some instances in which receipts for cash could not be traced to a deposit. A total of \$290 in receipts for cash issued by Cynthia Beckner, Secretary/Treasurer, from 2005 through June 9, 2006, could not be traced to deposits.

Upon inquiry of Cynthia Beckner on June 28, 2006, regarding the undeposited receipts, she stated that there were none. On June 29, 2006, Cynthia Beckner contacted us and stated that she found \$140 in cash and deposited it that morning. When Cynthia Beckner was questioned about the remaining \$150 in cash receipts that were not deposited, she said she would investigate. On July 27, 2006, Cynthia Beckner stated that an additional \$150 was located in the vault. This money was deposited on July 27, 2006. (See Summary, page 11)

	<u>Undeposited Cash Receipts</u>
2005	\$ 70
01-01-06 to 06-09-06	<u>220</u>
Total	<u>\$ 290</u>

Indiana Code 5-13-6-1 requires all public funds shall be deposited not later than the business day following the receipt of funds on business days of the depository. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 15)

UNTIMELY DEPOSITS

As stated in the prior Audit Report B24039, we noted instances where receipts were deposited later than the next business day.

Indiana Code 5-13-6-1 requires all public funds shall be deposited not later than the business day following the receipt of funds on business days of the depository. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 15)

RECEIPT ISSUANCE

The information presented for audit indicated in some instances receipts were not issued. This resulted in money received not being receipted in the amounts of \$1,644.99 in 2004 and \$13,510.49 in 2005

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

HANCOCK COUNTY SOIL AND WATER CONSERVATION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states, in part:

"(a) 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, Indiana Code 26-2-8-111(a) and (e) state, in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a).

ERRORS ON DISBURSEMENTS

The following deficiencies were noted on claims during the audit period:

- (1) Paid or reimbursed sales tax;
- (2) All claims did not have Board approval;
- (3) Some disbursements did not have adequate supporting documentation;
- (4) Some claims were over or under paid by immaterial amounts.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Indiana Code 5-11-10-1.6(c) states: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the governmental entity's fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

HANCOCK COUNTY SOIL AND WATER CONSERVATION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

CASH DISBURSEMENTS

We noted one instance where a disbursement was not always made by check. This check was made payable to "cash" in the amount of \$100.

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

HANCOCK COUNTY SOIL AND WATER CONSERVATION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2006, with Thomas C. Nigh, President of the Board of Supervisors; Raymond L. Helms, Supervisor/Treasurer; and Cynthia A. Beckner, Secretary/Treasurer. The official response has been made a part of this report and may be found on page 10.



Hancock County

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Protection and Preservation of our Natural Resources
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State Board of Accounts
302 West Washington Street
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August 18, 2006

The Hancock County Soil and Water Conservation District would like to make an official response and comments to the following 2004-2005 State Board of Accounts Audit:

Examination Results and Comments:

UNDEPOSITED RECEIPTS

The following changes have been put into place for the District's Deposits:

1. Receipt # written on deposit slip
2. Ledger documentation – correlating receipt # to deposit

RECEIPT ISSUANCE

The following changes have been put into place for the District's Receipts Issuance:

1. All funds into the District (EFT, Cash, and Checks) will have a receipt issued.
2. Ledger documentation – correlating receipt # to deposit

OPTICAL IMAGES OF WARRANTS

The following changes have been put into place for the District's Optical Images of Warrants:

1. The District will now receive optical images of the front and back sides of the checks.

ERRORS ON DISBURSEMENTS

The following changes have been put into place for the District's Disbursements:

1. The District will verify exemption from the payment of sales tax on qualifying purchases.
2. Verification on all claims having Board Approval at Monthly Board Meetings
3. Verification of disbursements having supporting documentation
4. Diligent review of claims for correct amounts

CASH DISBURSEMENTS

The following changes have been put into place for the District's Cash Disbursements:

1. All Petty Cash Reimbursements will be issued in check form; with the check written to District Administrator/Treasurer. Memo line will state Petty Cash Reimbursements – correlating with Receipt # in Petty Cash Ledger.

We the undersigned officials of the Hancock County Soil and Water Conservation District file the above responses to the Indiana State Board of Accounts.

Thomas Nigh,
Chairman of SWCD Board of Supervisors

Cynthia A Beckner
District Coordinator/Educator/Treasurer

HANCOCK COUNTY SOIL AND WATER CONSERVATION DISTRICT
SUMMARY

	Charges	Credits	Balance Due
Cynthia Beckner, Secretary/Treasurer:			
Undeposited Receipts, page 6	\$ 290	\$	\$
Deposited June 29, 2006		140	-
Deposited July 27, 2006		150	-
Totals	\$ 290	\$ 290	-