

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

EXAMINATION REPORT

OF

MUDDY FORK OF SILVER CREEK WATERSHED CONSERVANCY DISTRICT

CLARK COUNTY, INDIANA

January 1, 2004 to December 31, 2006



**FILED**  
04/19/2007



## 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.....  | 5-6         |
| Examination Results and Comments:  |             |
| Prescribed Forms .....   | 7           |
| Payment of Claims.....   | 7-8         |
| Fund and Appropriation Ledgers .....   | 8           |
| Financial Reports.....   | 8           |
| Exit Conference.....   | 9           |

OFFICIALS

Office

Official

Term

Financial Clerk

Richard E. Dreyer

01-01-04 to 12-31-07

Chairman of the Board

Carl R. Popp

01-01-04 to 12-31-07



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MUDDY FORK OF SILVER CREEK  
WATERSHED CONSERVANCY DISTRICT, CLARK COUNTY, INDIANA

We have examined the financial information presented herein of the Muddy Fork of Silver Creek Watershed Conservancy District (District), for the period of January 1, 2004 to December 31, 2006. 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 present fairly, in all material respects, the financial information of the District for the years ended December 31, 2004, 2005, and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 28, 2007

MUDDY FORK OF SILVER CREEK WATERSHED CONSERVANCY DISTRICT  
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 As Of And For The Years Ended December 31, 2004, 2005, And 2006

|                               |                                     |                   |                   |                                     |
|-------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
|                               | Cash and<br>Investments<br>01-01-04 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-04 |
| Governmental Fund:<br>General | <u>\$ 1,189,452</u>                 | <u>\$ 126,778</u> | <u>\$ 216,891</u> | <u>\$ 1,099,339</u>                 |
|                               | Cash and<br>Investments<br>01-01-05 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-05 |
| Governmental Fund:<br>General | <u>\$ 1,099,339</u>                 | <u>\$ 84,512</u>  | <u>\$ 402,885</u> | <u>\$ 780,966</u>                   |
|                               | Cash and<br>Investments<br>01-01-06 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-06 |
| Governmental Fund:<br>General | <u>\$ 780,966</u>                   | <u>\$ 92,008</u>  | <u>\$ 26,862</u>  | <u>\$ 846,112</u>                   |

The accompanying notes are an integral part of the schedules.

MUDDY FORK OF SILVER CREEK WATERSHED CONSERVANCY DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established by the Clark County Circuit Court effective August 25, 1965, in an area encompassing portions of Clark, Floyd, and Washington counties. The Court approved purposes are flood prevention and control; drainage improvement; prevention of soil erosion; and development of forest, wildlife areas, and park and recreation facilities.

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.

MUDDY FORK OF SILVER CREEK WATERSHED CONSERVANCY DISTRICT  
 NOTES TO FINANCIAL INFORMATION  
 (Continued)

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.

Note 6. Reclassifications

For the year ended December 31, 2004, certain changes have been made to the financial statements to more appropriately reflect financial activity of the District. The following schedule presents a summary of restated beginning balances by fund.

| Fund                   | Balance<br>As Reported<br>December 31,<br>2003 | Fund<br>Reclassification | Balance<br>As Restated<br>January 1,<br>2004 |
|------------------------|--|--------------------------|--|
| General                | \$ 1,155,613                                   | \$ 33,839                | \$ 1,189,452                                 |
| Cumulative Maintenance | 33,839   | (33,839)                 | -  |

MUDDY FORK OF SILVER CREEK WATERSHED CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

- Form 369 - Capital Asset Ledger
- Form 352 - Receipt
- Form 353 - Check
- Form 358 - Ledger of Receipts, Disbursements and Balances
- Form 359 - Ledger of Appropriations, Encumbrances, Disbursements and Balances

The transactions of the District are recorded by a contractual accountant. The forms generated by the contractual accountant for the Ledger of Receipts, Disbursements and Balances have not been approved for use by the State Board of Accounts. Checks are bank issued and not a prescribed form. Receipts are not issued. The Ledger of Appropriations, Encumbrances, Disbursements and Balances is not maintained in any form.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PAYMENT OF CLAIMS

We found the following errors on a sample of 25 claims randomly selected for testing:

1. Three of the claims tested were not properly itemized.
2. Twenty-five of the claims were not certified by the fiscal officer that the invoice or bill was true and correct.
3. Eighteen of the claims did not show evidence that the goods or services were ever received.
4. No claim form or accounts payable voucher was presented for four of the disbursements.

However, receipts or invoices were presented by the District in three of these instances to substantiate the disbursement.

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

MUDDY FORK OF SILVER CREEK WATERSHED CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (5) payment of the claim is allowed by the governmental entity's legislative body or the board of official having jurisdiction over allowance of payment of the claims.

Indiana Code 5-11-10-1.6(d) states in part:

"The fiscal officer of a governmental entity shall issue checks or warrants for claims by the governmental entity that meet all of the requirements of this section. The fiscal officer does not incur personal liability for disbursements:

- (1) processed in accordance with this section; . . ."

#### FUND AND APPROPRIATION LEDGERS

The District approves a budget for three funds: General Fund, Cumulative Maintenance Fund, and a Rainy Day Fund. Property Tax Distributions are received for the General Fund and the Cumulative Maintenance Fund. The records maintained by the District do not separate the three funds. All revenue is received into one fund and all disbursements are charged to one fund. No appropriation ledger is maintained.

At the beginning of the year the following ledger sheets should be set up for each fund carried in the records of the district:

- (a) A ledger sheet on Form 358 to account for "cash" receipts, disbursements and balances.
- (b) A ledger sheet on Form 359 for each appropriation, or major budget classification . . .
- (c) A ledger sheet on Form 359 for each detail expenditure account listed in the Budget Estimate.

As stated, this procedure should be followed for each fund . . . (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 22)

#### FINANCIAL REPORTS

The District did not file a financial report with the State Examiner for the years ended December 31, 2004, 2005, and 2006.

Indiana Code 5-11-1-4(a) states, "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. Except as provided by subsection (b), these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year.

MUDDY FORK OF SILVER CREEK WATERSHED CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2007, with Richard E. Dreyer, Financial Clerk. The official concurred with our findings.