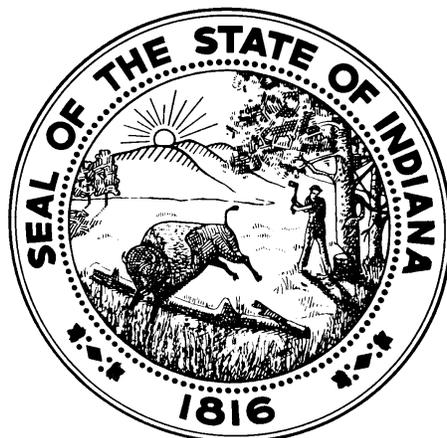


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF

MADISON COUNTY SOIL AND WATER  
CONSERVATION DISTRICT  
MADISON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



**FILED**  
10/09/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director/Treasurer	Brett Canaday	01-01-06 to 05-22-06
	Janelle M. Parke	05-23-06 to 04-11-08
	Vacant	04-12-08 to 06-30-08
	Stephen Schmidt	07-01-08 to 12-31-08
Chairman of the Board of Supervisors	Garland R. Antrim	01-01-06 to 02-28-08
	Gene Best	03-01-08 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Madison County Soil and Water Conservation District (District), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 25, 2008

MADISON 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, 2006 And 2007

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
General	<u>\$ 56,981</u>	<u>\$ 92,832</u>	<u>\$ 109,440</u>	<u>\$ 40,373</u>
	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
General	<u>\$ 40,373</u>	<u>\$ 152,325</u>	<u>\$ 117,021</u>	<u>\$ 75,677</u>

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

MADISON COUNTY SOIL AND WATER CONSERVATION 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: 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.

Note 4. Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan, through Madison County. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

MADISON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXAMINATION RESULTS AND COMMENTS

OPTICAL IMAGES OF CHECKS

During most of 2006, the District's bank provided an optical image of the front side of the checks only. During the latter part of 2006 and the beginning of 2007, the District's bank provided an optical image of both the front and back side of the checks.

The District switched banks in February 2007. The District's current bank does not provide cancelled checks or optical images of either the front or back side of the checks.

Indiana Code 5-15-6-3 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 states 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)."

EMPLOYEE SERVICE RECORD – FORM 99A

Employee Service Record (Form 99A) was not maintained for the Director/Treasurer during the examination period. This made it difficult to establish hours worked, and whether the Director/Treasurer complied with vacation and sick leave policies.

This form provides a record for each employee of hours or days worked, sick leave, vacation and days lost. The record provides the information for preparation of Payroll Schedule and Voucher, Form 99. (Accounting and Uniform Compliance Guidelines Manual for Special Districts Chapter 21)

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)

MADISON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2008, with Stephen Schmidt, Director/Treasurer. The official concurred with our findings.