

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

EXAMINATION REPORT  
OF  
DELAWARE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
DELAWARE COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
11/19/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Sheri Hole Debra Carpenter	01-01-08 to 12-31-09 01-01-10 to 12-31-10
Treasurer	Doug Scholer Ron Orebaugh	01-01-08 to 12-31-08 01-01-09 to 12-31-10
President of the Board	Wayne Bothel	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Delaware County Soil and Water Conservation District (District), for the period of January 1, 2008 to December 31, 2009. 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.

The District's management did not provide financial information in the form of cash receipts, disbursements and balances for the District's funds for the period examined. We were therefore unable to express an opinion on this financial information. We were able to obtain bank account balances for the District's bank accounts for December 31, 2009. This information is not intended to comply with the uniform compliance guidelines established by the Indiana State Board of Accounts.

In our opinion, the financial information referred to above does not present fairly, and is not intended to present fairly, in all material respects, the financial information of the District for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 27, 2010

DELAWARE 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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	<u>\$ 94,484</u>	<u>\$ 251,996</u>	<u>\$ 150,990</u>	<u>\$ 195,490</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	<u>\$ 195,490</u>	<u>\$ 319,907</u>	<u>\$ 190,579</u>	<u>\$ 324,818</u>

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

DELAWARE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
DELAWARE COUNTY  
NOTES TO FINANCIAL INFORMATION

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.

DELAWARE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended December 31, 2009

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>
Governmental activities:	
Capital assets, not being depreciated:	
Machinery and equipment	<u>\$ 23,348</u>

DELAWARE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
DELAWARE COUNTY  
EXAMINATION RESULTS AND COMMENTS

FINANCIAL REPORT OPINION MODIFICATION

The amounts as reported on the annual reports for 2008 and 2009 could not be verified to the records. There were a number of posting errors that caused receipts and disbursements not to be correct. The posting errors also caused erroneous record balances which could not be reconciled with the bank balances. As a result we were not able to give the District an unqualified opinion.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination or were incorrect after September 2008.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CONDITION OF RECORDS

There were a considerable number of posting errors. These errors included interest not posted and nonsufficient funds checks incorrectly posted.

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)

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

SUPPORTING DOCUMENTATION

Several payments were observed which were not supported by adequate 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 examination 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 12)

ADVANCE PAYMENTS

Dates of transactions indicate that payments were made to Debra Carpenter prior to the receipt of goods or services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts , Chapter 10)

CAPITAL ASSET RECORDS

Information presented for examination did not indicate any acquisitions or disposals of capital assets nor an inventory of capital assets since the prior examination of the records.

Every governmental unit should have a complete inventory of all fixed assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

DELAWARE COUNTY SOIL AND WATER CONSERVATION DISTRICT  
DELAWARE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2010, with John Newby, Board member; Ron Orebaugh, Treasurer; and Debra Carpenter, Director. The official response has been made a part of this report and may be found on page 10.

August 14,2010

To Whom It May Concern;

The Board of the Delaware County Soil and Water Conservation District would like to state that we are aware of the discrepancy in our books for 2009 and traced it to the balance carried forward from 2008. We have had a change in personnel since that time and this adds to our difficulty in finding the source of the error, which we believe to be a deposit entered twice. We will continue to search for the erroneous entry and hope to have this issue cleared up before the annual report for 2010 is due. We have instituted changes in our bookkeeping that will prevent this from happening in the future. Thank you for your patience.

Sincerely,

Wayne Bothel, Chairman  
Dan Hiatt, Vice Chair  
Ron Orebaugh, Treasurer  
Abi Whitehair, Supervisor  
John Newby, Supervisor