

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

EXAMINATION REPORT  
OF  
BARTHOLOMEW COUNTY SOIL AND  
WATER CONSERVATION DISTRICT  
BARTHOLOMEW COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
01/10/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board	Adam Hall	01-01-07 to 12-31-08
	Brett Glick	01-01-09 to 12-31-09
	Justin Gelfius	01-01-10 to 12-31-10
Treasurer	Cynthia Farnsley	01-01-07 to 08-31-07
	Melissa Sporleder	09-01-07 to 06-18-10
	(Vacant)	06-19-10 to 09-20-10
	Colorado Wagner	09-21-10 to 12-31-10



**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 BARTHOLOMEW COUNTY SOIL AND WATER  
CONSERVATION DISTRICT, BARTHOLOMEW COUNTY, INDIANA

We have examined the financial information presented herein of the Bartholomew County Soil and Water Conservation District (District), for the period of January 1, 2007 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.

Except as described in the following paragraph, 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.

Due to incomplete accounting records, we were unable to obtain sufficient competent evidential matter to support the receipts, disbursements and cash and investment balances for the period of January 1, 2007 to December 31, 2008.

Because the District did not maintain complete records as described above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial information presented herein for the period of January 1, 2007 to December 31, 2008.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the year ended December 31, 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 14, 2010

BARTHOLOMEW 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, 2007, 2008, And 2009

	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
General	<u>\$ 50,756</u>	<u>\$ 282,151</u>	<u>\$ 268,670</u>	<u>\$ 64,237</u>
	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
General	<u>\$ 64,237</u>	<u>\$ 180,958</u>	<u>\$ 195,682</u>	<u>\$ 49,513</u>
	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
General	<u>\$ 49,513</u>	<u>\$ 266,434</u>	<u>\$ 254,738</u>	<u>\$ 61,209</u>

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

BARTHOLOMEW 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. Budgets

The operating budget is initially prepared and approved at the local level.

Note 4. 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 5. Financial Statement Amounts

Due to the destruction of certain financial records the financial transactions reported for 2007 and 2008 were compiled from the available records and amounts abstracted from reproduced bank statements that were obtained for the examination.

BARTHOLOMEW COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXAMINATION RESULTS AND COMMENTS

PETTY CASH FUND

Some Petty Cash Fund disbursements were not supported by receipts or other documentation for all transactions.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 10)

CONDITION OF RECORDS – BACK UP PROCESSING

As a result of severe flooding at the office location on June 7, 2008, a usable copy of the records for the period of January 1, 2007 through April 30, 2008, was not available for examination. The financial records presented for examination were incomplete and not reflective of all activity of the General Fund. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

All computer application programs and operating system software must be backed up on a periodic basis and after modification. Accounting information must be backed up on a periodic basis sufficient to allow restoration of the information in a timely manner. Periodically the backup media must be tested to assure restoration will occur accurately. One copy of the backup information must be retained off site. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 11)

DEPOSITS

In numerous instances, receipts were deposited later than the next business day.

IC 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

PRESCRIBED FORMS

Receipt (General Form 352) was not always in use.

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)

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

CAPITAL ASSETS

Information presented for examination did not indicate an inventory or record of capital assets using the Prescribed Form 369.

The unit did not present a capitalization policy established by the governing body. This policy is necessary to establish a minimum dollar amount of items to be placed on the capital asset ledger.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the Capital Assets Ledger 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)

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

ERRORS ON CLAIMS

Claims were not adequately itemized during the audit period.

IC 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."

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.

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

". . . '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 . . ."

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

Further, IC 26-2-8-111(a) and (e) state:

"(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)."

BARTHOLOMEW COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 14, 2010, with Colorado Wagner, Treasurer, and Adam Hall, Vice- President of the Board.