

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

EXAMINATION REPORT  
OF

ELKHART COUNTY SOIL AND WATER  
CONSERVATION DISTRICT  
ELKHART COUNTY, INDIANA

January 1, 2009 to December 31, 2010



**FILED**  
07/06/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Nancy J. Brown	01-01-09 to 12-31-11
Treasurer	Jennifer Brosius	01-01-09 to 08-14-09
	Nancy J. Brown	08-15-09 to 10-11-09
	Christina Rosenberry	10-12-09 to 12-03-10
	Nancy J. Brown	12-04-10 to 02-13-11
	Lora Curry	02-14-11 to 02-29-12
Chairman of the Board	James W. Hess	03-01-08 to 02-29-12



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of Elkhart County Soil and Water Conservation District (District), for the period of January 1, 2009 to December 31, 2010. The District's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior examination.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the District's management, the District's Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 20, 2011

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FINANCIAL STATEMENT(S)

ELKHART COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 As Of And For The Years Ended December 31, 2009 And 2010

	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
General	<u>\$ 65,278</u>	<u>\$ 63,586</u>	<u>\$ 61,909</u>	<u>\$ 66,955</u>
	<u>Cash and Investments 01-01-10</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-10</u>
General	<u>\$ 66,955</u>	<u>\$ 62,629</u>	<u>\$ 53,319</u>	<u>\$ 76,265</u>

The notes to the financial statement(s) are an integral part of this statement.

ELKHART COUNTY SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENT(S)

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statement(s) present(s) the financial information for the District (primary government), and does not include financial information for any of the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the District (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax

ELKHART COUNTY SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 3. Risk Management**

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

ELKHART COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 As Of And For The Years Ended December 31, 2009 And 2010

	General	
	12-31-09	12-31-10
Cash and investments - beginning	\$ 65,368	\$ 66,955
Receipts:		
Intergovernmental	46,262	37,758
Charges for services	1,361	3,003
Other receipts	15,873	21,868
Total receipts	63,496	62,629
Disbursements:		
Personal services	8,406	15,136
Supplies	390	363
Other services and charges	41,030	25,923
Capital outlay	120	-
Other disbursements	11,963	11,897
Total disbursements	61,909	53,319
Excess of receipts over disbursements	1,587	9,310
Cash and investments - ending	\$ 66,955	\$ 76,265

ELKHART COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2011, with Nancy J. Brown, Director; Lora Curry, Treasurer; and James W. Hess, Chairman of the Board. Our examination disclosed no material items that warrant comment at this time.