

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

FINANCIAL STATEMENT EXAMINATION REPORT  
OF  
MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
MARTIN COUNTY, INDIANA  
January 1, 2007 to December 31, 2012



**FILED**  
11/13/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
District Coordinator	Teresa Harder	01-01-07 to 12-31-14
President of the Board of Supervisors	Gene Sherfick	01-01-07 to 04-30-12
	Joe Williams	05-01-12 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the Martin County Soil and Water Conservation District (District), for the period of January 1, 2007 to December 31, 2012. The financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the financial statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2007 to December 31, 2012.

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 period of January 1, 2007 to December 31, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the District's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

April 29, 2014

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the District. The financial statement and notes are presented as intended by the District.

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2007, 2008, 2009, 2010, 2011, and 2012

Fund	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
General	\$ 34,116	\$ 19,733	\$ 14,573	\$ 39,276

  

Fund	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 39,276	\$ 50,932	\$ 52,789	\$ 37,419

  

Fund	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 37,419	\$ 26,640	\$ 24,254	\$ 39,805

  

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 39,805	\$ 48,172	\$ 64,023	\$ 23,954

  

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 23,954	\$ 28,770	\$ 34,218	\$ 18,506

  

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 18,506	\$ 34,179	\$ 33,568	\$ 19,117

The notes to the financial statement are an integral part of the statement.



MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
NOTES TO FINANCIAL STATEMENT

**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 presents the financial information for the District.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts include the following sources:

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 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.

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

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 statement. The aggregate disbursements include the following uses:

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.

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

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. 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. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

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

**Note 3. *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 4. *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.

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## SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the District's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the District. It is presented as intended by the District.

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2007

	<u>General Fund</u>
Cash and investments - beginning	\$ <u>34,116</u>
Receipts:	
Intergovernmental	11,675
Charges for services	6,023
Other receipts	<u>2,035</u>
Total receipts	<u>19,733</u>
Disbursements:	
Supplies	742
Other services and charges	12,995
Other disbursements	<u>836</u>
Total disbursements	<u>14,573</u>
Excess of receipts over disbursements	<u>5,160</u>
Cash and investments - ending	<u>\$ <u>39,276</u></u>

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2008

		General Fund
	<u>                    </u>	
Cash and investments - beginning	\$	<u>39,276</u>
Receipts:		
Intergovernmental		41,123
Charges for services		7,259
Other receipts		<u>2,550</u>
Total receipts		<u>50,932</u>
Disbursements:		
Supplies		160
Other services and charges		12,518
Capital outlay		12,600
Other disbursements		<u>27,511</u>
Total disbursements		<u>52,789</u>
Deficiency of receipts over disbursements		<u>(1,857)</u>
Cash and investments - ending	\$	<u><u>37,419</u></u>

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2009

		General Fund
		<u>                    </u>
Cash and investments - beginning	\$	<u>37,419</u>
Receipts:		
Intergovernmental		15,460
Charges for services		4,030
Other receipts		<u>7,150</u>
Total receipts		<u>26,640</u>
Disbursements:		
Supplies		798
Other services and charges		10,505
Other disbursements		<u>12,951</u>
Total disbursements		<u>24,254</u>
Excess of receipts over disbursements		<u>2,386</u>
Cash and investments - ending	\$	<u><u>39,805</u></u>



MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2010

		<u>General Fund</u>
Cash and investments - beginning	\$	<u>39,805</u>
Receipts:		
Intergovernmental		33,670
Charges for services		6,171
Other receipts		<u>8,331</u>
Total receipts		<u>48,172</u>
Disbursements:		
Supplies		2,312
Other services and charges		35,386
Other disbursements		<u>26,325</u>
Total disbursements		<u>64,023</u>
Deficiency of receipts over disbursements		<u>(15,851)</u>
Cash and investments - ending	\$	<u><u>23,954</u></u>

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2011

	<u>General Fund</u>
Cash and investments - beginning	<u>\$ 23,954</u>
Receipts:	
Intergovernmental	20,170
Charges for services	3,646
Other receipts	<u>4,954</u>
Total receipts	<u>28,770</u>
Disbursements:	
Supplies	2,647
Other services and charges	23,658
Other disbursements	<u>7,913</u>
Total disbursements	<u>34,218</u>
Deficiency of receipts over disbursements	<u>(5,448)</u>
Cash and investments - ending	<u><u>\$ 18,506</u></u>

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2012

	<u>General Fund</u>
Cash and investments - beginning	\$ <u>18,506</u>
Receipts:	
Intergovernmental	23,750
Other receipts	<u>10,429</u>
Total receipts	<u>34,179</u>
Disbursements:	
Supplies	394
Other services and charges	10,476
Other disbursements	<u>22,698</u>
Total disbursements	<u>33,568</u>
Excess of receipts over disbursements	<u>611</u>
Cash and investments - ending	<u><u>\$ 19,117</u></u>

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

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>Ending Balance</u>
Governmental activities:	
Machinery, equipment, and vehicles	<u>\$ 57,300</u>
Total capital assets	<u><u>\$ 57,300</u></u>

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXAMINATION RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were presented for examination for some of the months; however, the reconciliation contained errors and did not balance to the ledger. As of December 31, 2012, the bank was \$45.22 long compared to the ledger.

Indiana Code 5-13-6-1(e) states: "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***

Financial records presented for examination were incomplete and not reflective of the activity of the General Fund.

Some of the deficiencies include:

1. Posting errors
2. Checks and receipts not recorded in the proper amounts

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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

**ERRORS ON CLAIMS**

A sample of claims identified the following deficiencies with an error rate greater than 10 percent:

1. Claims were not presented for 23 percent of disbursements tested. This error resulted in \$5,003 of expenditures which were not supported by a proper claim.
2. Of the claims tested, 8 percent did not have adequate supporting documentation. This error resulted in \$789 of expenditures which did not have adequate supporting documentation.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) 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."

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on April 29, 2014, with Teresa Harder, District Coordinator.