

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

EXAMINATION REPORT  
OF

JEFFERSON COUNTY SOIL AND  
WATER CONSERVATION DISTRICT  
JEFFERSON COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**  
01/04/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie Brown Lisa Jones	01-01-08 to 03-08-08 03-09-08 to 12-31-10
President of the Board of Supervisors	Norbert Schafer Kerry Brinson	01-01-08 to 12-31-08 01-01-09 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Jefferson 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.

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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 23, 2010

JEFFERSON 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>\$ 41,803</u>	<u>\$ 78,082</u>	<u>\$ 46,564</u>	<u>\$ 73,321</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	<u>\$ 73,321</u>	<u>\$ 27,882</u>	<u>\$ 53,934</u>	<u>\$ 47,269</u>

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

JEFFERSON 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 operates under a Board of Supervisors form of government and 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.

JEFFERSON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT NOT ACCURATE

The General Fund receipts and cash balances reported on the Annual Financial Report did not agree with District's accounting ledger as shown in the following schedule:

	Annual Report	Ledger	Variance
Cash and Investment Balance:			
Year 2008	\$ 45,617	\$ 46,170	\$ (553)
Year 2009	19,311	20,239	(928)
Total Receipts:			
Year 2008	78,049	78,611	(562)
Year 2009	27,628	27,456	172

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)

CONDITION OF RECORDS

The District uses a computer software bookkeeping program for their accounting ledger. However, we noted errors in the calculation of cash and investment balances for the General Fund using the receipts and disbursements recorded on the ledger. The following is a comparison of the calculated cash and investment balances with the cash and investment balances recorded on the ledger at December 31, 2008 and 2009:

	2008	2009
Cash and Investments - January 1 (1)	\$ 14,260	\$ 46,170
Receipts (1)	78,611	27,456
Disbursements (1)	46,564	53,934
Calculated Cash and Investments, December 31	46,307	19,692
Cash and Investments Per Ledger	46,170	20,239
Variance	\$ 137	\$ (547)

Note to Schedule: (1) Amounts recorded on ledger

We also performed monthly analysis of receipts, disbursements and cash and investments balances that showed the calculated month end cash and investment balances did not agree with the subsequent month beginning cash and investment balances recorded on the ledger. The following discrepancies were determined from our analysis:

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

1. Interest from certificate of deposits was not included in the overall receipts total.
2. Receipts for noncash accrual transactions were included in the overall receipts total.
3. The principal balance of a certificate of deposit that matured was not included in the overall receipts total.
4. The ledger report date range was inconsistent between months.

The computerized accounting system must maintain electronic audit trails sufficient to trace all transactions from original source of entry into the system, through all system processing, and to the results produced by the system. The audit trails must also maintain sufficient information to trace all transactions from the final results produced by the system, through all system processing, and to the original source of entry into the system. Audit trails must also identify the user that processed the transaction or updated the information. These audit trails must be protected from modification and deletion.

Accounting information must not be modified by computer utility programs which are not contained in the accounting application system. The accounting application system must be supported by computerized and manual procedures to assure the following error correction controls are implemented:

The type of error condition is recorded.

The original transaction creating the error is retained within the system.

A reversing transaction to eliminate the effect of the error is entered and retained within the system.

The correct transaction is entered into the system and recorded.

Management approval for error correction is documented.

The above requirements have been established for all computer systems processing accounting information. In the event these requirements are not met by the computer environment of the accounting system, compensating manual controls must be implemented. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 11)

#### BANK RECONCILEMENTS

The Treasurer did not perform a formal month end bank reconciliation between the net depository balance and the accounting ledger balance of cash and investments. Lisa Jones, Treasurer, stated that she only compares the accounting ledger financial activity (receipts and disbursements) with the bank activity. Reconciliations between the accounting ledger cash and investment balances to the net depository balances should be performed to assist in identifying and correcting errors.

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."

JEFFERSON COUNTY SOIL AND WATER CONSERVATION DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on November 23, 2010, with Lisa Jones, Treasurer. Kerry Brinson, President of the Board of Supervisors, was unable to attend the exit conference.