

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

COMPLIANCE EXAMINATION REPORT

OF

WALDRON CONSERVANCY DISTRICT

SHELBY COUNTY, INDIANA

January 1, 2018 to December 31, 2022



**FILED**  
07/23/2024



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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July 23, 2024

To: The Officials of the Waldron Conservancy District  
Waldron Conservancy District  
Shelby County, Indiana

This report is supplemental to the audit report of the Waldron Conservancy District (District), for the period from January 1, 2018 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for the Waldron Conservancy District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2022. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 6.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**COMPLIANCE EXAMINATION OF**  
**WALDRON CONSERVANCY DISTRICT**  
Shelby County, Indiana  
January 1, 2018 to December 31, 2022

WALDRON CONSERVANCY DISTRICT

Shelby County, Indiana  
January 1, 2018 to December 31, 2022

CONTENTS

SCHEDULE OF OFFICIALS .....	1
INDEPENDENT ACCOUNTANT'S REPORT .....	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2022-001: BANK ACCOUNT RECONCILIATIONS.....	3
2022-002: PUBLIC RECORDS RETENTION .....	3
2022-003: ANNUAL FINANCIAL REPORT .....	3
2022-004: CAPITAL ASSETS .....	3
2022-005: INTERNAL CONTROLS.....	4
2022-006: INTERNAL CONTROLS – TRAINING .....	4
2022-007: MISSING GATEWAY UPOADS.....	4
2022-008: OVERDRAWN CASH BALANCES .....	5
2022-009: ANNUAL FINANCIAL REPORT ADJUSTMENT.....	5
EXIT CONFERENCE .....	7

WALDRON CONSERVANCY DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2018 to December 31, 2022

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Justin Beyer	01-01-18 to 12-31-22
Superintendent	Ron Fuchs Tyler McClain	01-01-18 to 12-31-19 01-01-20 to 12-31-22
President of the Board	Bruce Kuhn	01-01-18 to 12-31-22

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of the Waldron Conservancy District

We have examined the Waldron Conservancy District ("District") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2018 to December 31, 2022. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the District during the period January 1, 2021 to December 31, 2022, as described in items 2022-001 through 2022-009 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the District complied, in all material respects, with the aforementioned requirements during the period January 1, 2018 to December 31, 2022.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
June 20, 2024

WALDRON CONSERVANCY DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**FINDING 2022-001: BANK ACCOUNT RECONCILIATIONS**

**Criteria:** 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:** During testing, we noted the District was not able to provide bank reconciliations on at least a monthly basis during the entire audit period. This resulted in ending cash balances to not reconcile to the AFR. This resulted in an increase in the cash balance as of January 1, 2019 of approximately \$40,000 and an increase in the cash balance as of December 31, 2022 of approximately \$14,000.

**FINDING 2022-002: PUBLIC RECORDS RETENTION**

**Criteria:** Indiana Code 5-15-6-3 states, *"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions: (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied. (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."*

**Condition:** During testing, we noted financial records were not able to be located due to staffing transitions. Specifically, the District was unable to provide receipt support for fiscal years 2018 – 2021 and disbursement support for fiscal year 2022. Crowe was able to perform alternative procedures and vouch receipt and disbursement activity to bank statements to gain comfort on the amounts reported.

**FINDING 2022-003: ANNUAL FINANCIAL REPORT**

**Criteria:** Indiana Code 5-11-1-4(a) states, *"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."*

The same comment also appeared in prior report B52289.

**Condition:** During testing of Annual Financial Report submissions, we noted the 2020, 2021, and 2022 Annual Financial Reports were not submitted within 60 days after the close of the previous fiscal year.

**FINDING 2022-004: CAPITAL ASSETS**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, *"Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records."*

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(Continued)

WALDRON CONSERVANCY DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**FINDING 2022-004: CAPITAL ASSETS** (Continued)

**Condition:** During testing of capital assets, we noted the District did not have a written policy concerning capital assets and the threshold at which an item is considered a capital asset. We noted the District has not updated their detailed schedule of capital assets since 2017. We noted that a physical inventory is not taken at least every two years.

**FINDING 2022-005: INTERNAL CONTROLS**

**Criteria:** The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: *"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."*

The same comment also appeared in prior report B52289.

**Condition:** During testing, we noted that the District did not meet the minimum standards of internal control. Specifically, the District did not have formal documentation of the implementation of a minimum level of internal controls standards.

**FINDING 2022-006: INTERNAL CONTROLS – TRAINING**

**Criteria:** Indiana Code 5-11-1-27(h) states in part, *"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that: . . . (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2)."*

**Condition:** During testing, we noted that the District had not met the minimum standards for training set in Indiana Code 5-11-1-27(h).

**FINDING 2022-007: MISSING GATEWAY UPLOADS**

**Criteria:** The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

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(Continued)

WALDRON CONSERVANCY DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**FINDING 2022-007: MISSING GATEWAY UPLOADS** (Continued)

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually by all units:

- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund

**Condition:** During testing, we noted the District did not upload timely the following required items:

- All required monthly files identified above from January 2018 – June 2018, and 2019 – 2022.
- All required annual files identified above from 2018 – 2022.

**FINDING 2022-008: OVERDRAWN CASH BALANCES**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, *“The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit.*

**Condition:** During testing of cash, we noted the Water Utility Bond & Interest fund with a negative cash balance below zero.

**FINDING 2022-009: ANNUAL FINANCIAL REPORT ADJUSTMENTS**

**Criteria:** The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

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(Continued)

WALDRON CONSERVANCY DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**FINDING 2022-009: ANNUAL FINANCIAL REPORT ADJUSTMENTS** (Continued)

An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:

- Accurate and timely recording of transactions. . . ."

The same comment also appeared in prior report B52289.

**Condition:** During testing, we noted that the 2018 ending cash and investment balance per the submitted annual financial report did not agree to the 2019 opening cash and investment balance per the annual financial report submitted to Gateway. The opening 2019 cash and investment balance was corrected with an approximately \$40,000 adjustment. In total, the annual financial report had a \$40,000 increase of cash and investments as of January 1, 2019, and a \$14,000 increase of cash and investments as of December 31, 2022.

WALDRON CONSERVANCY DISTRICT  
EXIT CONFERENCE  
January 1, 2018 to December 31, 2022

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The contents of this report were discussed on June 20, 2024 with Bruce Kuhn, President of the Board, Ron Fuchs, Superintendent, and Jane Fuchs, Financial Clerk.