

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

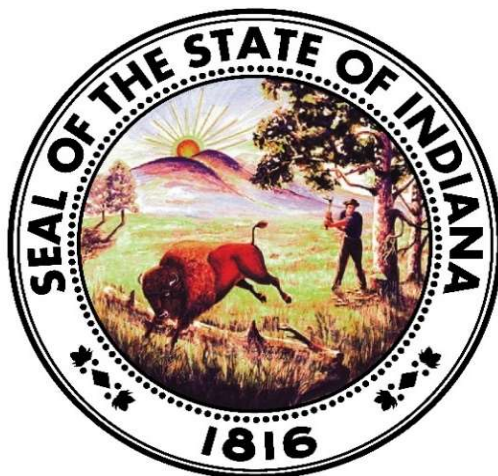
COMPLIANCE ENGAGEMENT REPORT

OF

BACHELOR RUN CONSERVANCY DISTRICT

CARROLL COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

08/01/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Samuel L. Zook	01-01-20 to 12-31-24
President of the District Board	Alan Barnard	01-01-20 to 12-31-24
Secretary	Miriam Robeson	01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE BACHELOR RUN CONSERVANCY
DISTRICT, CARROLL COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Bachelor Run Conservancy District (District), for the period of January 1, 2020 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the District as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the District's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Alan Barnard, President of the District Board; Samuel L. Zook, Treasurer; and Miriam Robeson, Secretary, on July 29, 2024.

A handwritten signature in blue ink that reads "Beth Kelley". The signature is written in a cursive, flowing style.

Beth Kelley, CPA, CFE
Deputy State Examiner

May 21, 2024

BACHELOR RUN CONSERVANCY DISTRICT COMMENTS

MONTHLY AND ANNUAL UPLOADS

Condition and Context

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1 as amended. The District did not upload into the Indiana Gateway for Government Units financial reporting system any of the required monthly and annual files for 2019 through 2023.

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

- Bank reconcilements.
- Bank Statements (effective for the required upload beginning with December 2020 information).
- Outstanding Check Lists (effective for the required upload beginning with December 2020 information).
- Approved board minutes.
- Funds ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund (beginning and ending balances effective for the required uploads beginning with December 2020 information).

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

- Year-end bank statement (no longer required after 2019 annual uploads).
- Year-end outstanding check list (no longer required after 2019 annual uploads).
- Year-end investment statements.
- Detail of receipts for the year.
- Detail of disbursements for the year.
- Current year salary ordinance (and Amendments effective beginning with annual uploads of 2020 information).
- Annual vendor history report.
- Annual employee earnings record/payroll history report without social security numbers (unless only hand posted records exist).
- Annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund (effective beginning with 2020 information).

Criteria

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. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the 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. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

BACHELOR RUN CONSERVANCY DISTRICT
COMMENTS
(Continued)

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. . . ."

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Internal controls were not in place to ensure other information that is required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units financial reporting system was complete and accurate.

The District had not determined or reported any amounts for accounts payable and accounts receivable for all years of the engagement.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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 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:

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BACHELOR RUN CONSERVANCY DISTRICT
COMMENTS
(Continued)

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BANK ACCOUNT RECONCILIATIONS

Condition and Context

Internal controls were not in place to ensure that bank reconciliations were completed in a timely manner. The District only prepared reconciliations for 33 of the 48 months during the engagement period. We selected 12 months to test for timeliness and accuracy. Of the 12 months tested, bank reconciliations were not completed for March 2022 and December 2022.

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."

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:

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

BACHELOR RUN CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
General Fund	\$ 197,742	\$ 104,639	\$ 98,009	\$ 204,372	\$ 161,378	\$ 65,182	\$ 300,568
Rainy Day Fund	86,745	11,347	-	98,092	17,020	-	115,112
Cumulative Maintenance	60,000	7,000	-	67,000	7,000	-	74,000
Totals	<u>\$ 344,487</u>	<u>\$ 122,986</u>	<u>\$ 98,009</u>	<u>\$ 369,464</u>	<u>\$ 185,398</u>	<u>\$ 65,182</u>	<u>\$ 489,680</u>

BACHELOR RUN CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
General Fund	\$ 300,568	\$ 73,524	\$ 87,346	\$ 286,746	\$ 135,533	\$ 86,575	\$ 335,704
Rainy Day Fund	115,112	17,000	-	132,112	17,000	-	149,112
Cumulative Maintenance	74,000	7,000	-	81,000	7,000	-	88,000
Totals	<u>\$ 489,680</u>	<u>\$ 97,524</u>	<u>\$ 87,346</u>	<u>\$ 499,858</u>	<u>\$ 159,533</u>	<u>\$ 86,575</u>	<u>\$ 572,816</u>