

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

UPPER PATOKA RIVER CONSERVANCY DISTRICT

DUBOIS COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

04/09/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Greg Seng	01-01-20 to 12-31-25
President of the District Board	Alan Small Duane Gress	01-01-20 to 12-31-24 01-01-25 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

TO: THE OFFICIALS OF THE UPPER PATOKA RIVER CONSERVANCY
DISTRICT, DUBOIS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Upper Patoka River 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 Duane Gress, President of the District Board; Greg Seng, Treasurer; Kenneth Beckman, District Board member; and Angelia Schnarr, Bookkeeper, on March 27, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 18, 2025

UPPER PATOKA RIVER CONSERVANCY DISTRICT
COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Deficiencies in the District's system of internal controls resulted in noncompliance over the Annual Financial Report (AFR). The AFR is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The District did not submit accurate AFRs for any year of the engagement period. The following issues were identified:

Financial Data

The District overstated the 2020 beginning balance of the General Fund by \$98,601 due to the investment error noted below. The District understated both receipts and disbursements by \$600 in its 2020 AFR. The District understated disbursements by \$2,000, \$72,827, and \$5,000 in the 2021, 2022, and 2023 AFRs, respectively.

Adjustments were proposed, accepted by the District, and made to the District's AFRs and to the financial statements presented in this report.

Investment Fund Statement

The District erroneously reported the 2020 beginning balance of the General Fund, \$98,601, as an investment, thereby overstating the beginning balance reported in the 2020 AFR.

Capital Assets

The District reported \$500 in capital assets in all four AFRs filed for the engagement period. District Officials stated that the District did not have any capital assets.

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. . . ."

UPPER PATOKA RIVER CONSERVANCY DISTRICT
COMMENTS
(Continued)

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 as set forth in the uniform compliance guidelines. 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](#)."

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

Deficiencies in the District's system of internal controls resulted in noncompliance over training and certification on internal control standards. While the District adopted the acceptable minimum level of internal control standards, the District could not provide evidence that those whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to District funds, had received the required training over internal control standards that were developed or approved by the Indiana State Board of Accounts.

The District certified in its 2020, 2021, 2022, and 2023 Annual Financial Reports in the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards. However, the certifications were made incorrectly since the District was unable to provide evidence of the training as noted above.

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:

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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. . . ."

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

UPPER PATOKA RIVER CONSERVANCY DISTRICT
COMMENTS
(Continued)

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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 as set forth in the uniform compliance guidelines. 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](#)."



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

UPPER PATOKA RIVER 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	\$ 98,601	\$ 64,270	\$ 33,588	\$ 129,283	\$ 66,310	\$ 53,222	\$ 142,371
Cum Maintenance	<u>145,356</u>	<u>-</u>	<u>-</u>	<u>145,356</u>	<u>-</u>	<u>-</u>	<u>145,356</u>
Totals	<u>\$ 243,957</u>	<u>\$ 64,270</u>	<u>\$ 33,588</u>	<u>\$ 274,639</u>	<u>\$ 66,310</u>	<u>\$ 53,222</u>	<u>\$ 287,727</u>

UPPER PATOKA RIVER 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	\$ 142,371	\$ 68,235	\$ 72,827	\$ 137,779	\$ 72,263	\$ 116,137	\$ 93,905
Cum Maintenance	<u>145,356</u>	<u>-</u>	<u>-</u>	<u>145,356</u>	<u>-</u>	<u>-</u>	<u>145,356</u>
Totals	<u>\$ 287,727</u>	<u>\$ 68,235</u>	<u>\$ 72,827</u>	<u>\$ 283,135</u>	<u>\$ 72,263</u>	<u>\$ 116,137</u>	<u>\$ 239,261</u>