

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

POSEY COUNTY SOIL AND WATER CONSERVATION DISTRICT

POSEY COUNTY, INDIANA

January 1, 2020 to December 31, 2024



**FILED**

04/29/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jeri Ziliak	01-01-20 to 05-29-23
	Tina Boerner	05-30-23 to 12-31-25
Chair of the Board of Supervisors	Chuck Ries	01-01-20 to 02-27-25
	(Vacant)	02-28-25 to 03-17-25
	Matt Schenk	03-18-25 to 12-31-25



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Posey County Soil and Water Conservation District (District), for the period of January 1, 2020 to December 31, 2024. 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 Tina Boerner, Treasurer, and Amy Smith, District Board member, on March 25, 2025.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 25, 2025

POSEY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS

**INTERNAL CONTROLS OVER COMPLIANCE**

*Condition and Context*

Internal controls were not in place to ensure that the District complied with laws, regulations, and uniform compliance guidelines. Deficiencies in the District's system of internal controls resulted in noncompliance over adoption of, and training on, internal control standards; annual financial report; approved depositories and investment types; bank account reconciliations; certification on internal control standards; errors on claims; and receipts, as detailed further in the comments below.

*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. . . ."

**ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS**

*Condition and Context*

The District did not have effective internal controls in place to ensure compliance with requirements related to the adoption of, and training on, internal control standards. The District presented internal control standards for review, but the District Board never formally adopted the standards. Additionally, the District did not provide evidence that personnel whose official duties included receiving, depositing, disbursing, or otherwise having access to public funds, had received the required training.

*Criteria*

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

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

- (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."

POSEY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 COMMENTS  
 (Continued)

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. Internal controls were not in place to ensure that the District's AFRs were submitted accurately.

The District overstated the 2020 beginning cash and investment balance by \$235. Additionally, the following overstatements/(understatements) were noted:

		<u>Receipts</u>		<u>Disbursements</u>		<u>Ending Cash Balance</u>
2020	\$	13,120	\$	2,976	\$	10,379
2021		(53)		10,328		-
2022		(1,925)		(6,623)		4,697
2023		(364)		2,692		7,024
2024		6,340		(7,599)		20,963

Adjustments were proposed, accepted by the District, and made to the District's 2020-2024 AFRs and to the financial statements presented in this report.

Additionally, the capital asset information entered by the District into the AFRs for the engagement period was incorrect. District officials stated that the amounts reported were based upon the depreciated value of the assets instead of the historical cost. The District did not maintain a detailed capital asset listing, so we were unable to determine the amounts that should have been reported. The District reported total capital assets of \$75,125 at December 31, 2024.

*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 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](#)."

**APPROVED DEPOSITORIES AND INVESTMENT TYPES**

*Condition and Context*

The District did not have effective internal controls in place to ensure compliance with requirements related to approved depositories and investments. The District invested in certificates of deposit and mutual funds through Edward Jones, which was not an approved depository for public funds. The District's ending cash and investments balance as of December 31, 2024, was \$231,902, of which \$214,269 was maintained with the unapproved depository. The mutual funds did not comply with the restrictions established to be an allowable investment type for the District.

POSEY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-13-9-2.5 states in part:

"(a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.)

(b) The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under [IC 5-13-9.5](#).

(c) The portfolio of an investment company or investment trust described in subsection (a) must be limited to the following:

- (1) Direct obligations of the United States.
- (2) Obligations issued by any of the following:
  - (A) A federal agency.
  - (B) A federal instrumentality.
  - (C) A federal government sponsored enterprise.
- (3) Repurchase agreements full collateralized by obligations described in subdivision (1) or (2). . . ."

Investments can only be made in accordance with statutory guidelines. Losses and expenses related to any unauthorized investments and unauthorized investment procedures may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

The District did not have effective internal controls in place to ensure compliance with requirements related to bank account reconciliations. While the District prepared monthly bank reconciliations, the reconciliations were not properly performed. The District did not compare the reconciled bank balance to the ledger. As a result, the ledger balance exceeded the reconciled bank balance by \$14,834, \$33, and \$2,700 at December 31, 2020, 2021, and 2023, respectively.

*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."

POSEY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The District did not have effective internal controls in place to ensure compliance with requirements related to the certification on internal controls standards. The District certified in its Annual Financial Reports submitted in the Indiana Gateway for Government Units financial reporting system for each year of the engagement period that internal control standards had been adopted and all required personnel had completed training over the District's internal control standards. However, the District Board had not formally adopted the standards presented for review, and the District did not provide evidence that the required training had occurred.

*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 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](#)."

**ERRORS ON CLAIMS**

*Condition and Context*

The District did not have effective internal controls in place to ensure compliance with requirements related to payment of claims. Twenty-five vendor disbursements, five from each year of the engagement period, were selected for testing. The officer or person receiving the goods or services did not approve the invoice or bill, nor did the fiscal officer certify before payment that the invoice or bill was true and correct, for any of the twenty-five disbursements. The District was unable to provide an accounts payable voucher for four claims from 2023 and 2024. Additionally, the District Board did not approve any of the ten claims from 2023 and 2024 prior to payment.

*Criteria*

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;

POSEY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

- (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. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

## **RECEIPTS**

### *Condition and Context*

The District did not have effective internal controls in place to ensure compliance with requirements related to receipts. Twenty-five receipts, five from each year of the engagement period, were selected for testing. Issues were noted with receipts selected from 2023 and 2024. For five of the ten receipts from those years, the District posted the transaction to the ledger but was unable to provide a copy of the receipt for review. Additionally, for seven of the ten receipts, the receipt number was not entered into the ledger.

### *Criteria*

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

The posting media for receipts will be the copies of receipts issued on Form 352. The date, receipt number, source and amount shall be entered on the applicable fund ledger sheet (Form 358) and the "balance" columns increased accordingly. Consecutively numbered receipts for the same day and from the same source may be group posted, if desired. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 12)



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



POSEY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2020 and 2021

<u>Fund</u>	<u>Cash and Investments 01-01-20</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-20</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-21</u>
General Fund	\$ 143,814	\$ 263,357	\$ 201,318	\$ 205,853	\$ 242,093	\$ 251,980	\$ 195,966
Totals	<u>\$ 143,814</u>	<u>\$ 263,357</u>	<u>\$ 201,318</u>	<u>\$ 205,853</u>	<u>\$ 242,093</u>	<u>\$ 251,980</u>	<u>\$ 195,966</u>

POSEY COUNTY SOIL AND WATER CONSERVATION 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	\$ 195,966	\$ 265,877	\$ 233,678	\$ 228,165	\$ 120,798	\$ 127,946	\$ 221,017
Totals	<u>\$ 195,966</u>	<u>\$ 265,877</u>	<u>\$ 233,678</u>	<u>\$ 228,165</u>	<u>\$ 120,798</u>	<u>\$ 127,946</u>	<u>\$ 221,017</u>

POSEY COUNTY SOIL AND WATER CONSERVATION DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2024

Fund	Cash and Investments 01-01-24	Receipts	Disbursements	Cash and Investments 12-31-24
General Fund	\$ 221,017	\$ 76,790	\$ 65,905	\$ 231,902
Totals	<u>\$ 221,017</u>	<u>\$ 76,790</u>	<u>\$ 65,905</u>	<u>\$ 231,902</u>