

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

VERMILLION COUNTY SOIL AND WATER CONSERVATION DISTRICT

VERMILLION COUNTY, INDIANA

January 1, 2021 to December 31, 2024



FILED

04/08/2025

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Compliance Report | 3-4 |
| Comments | 5-6 |
| Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis..... | 8-9 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------|--------------------------------|--|
| Director | Eric Shideler | 01-01-21 to 12-31-25 |
| Treasurer | Darrell Morgan | 01-01-21 to 12-31-25 |
| Chair of the District Board | Joshua Bishop Connie Warner | 01-01-21 to 03-10-25 03-11-25 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 VERMILLION COUNTY SOIL AND WATER
CONSERVATION DISTRICT, VERMILLION COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Vermillion County Soil and Water Conservation District (District), for the period of January 1, 2021 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 Eric Shideler, Director, and Connie Warner, Chair of the District Board, on March 20, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 18, 2025

VERMILLION COUNTY SOIL AND WATER CONSERVATION DISTRICT
COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units (Gateway) financial reporting system. The AFR is the source of the amounts reported in the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in this report. The District had not established effective internal controls over the information submitted in the AFR, which resulted in the following errors:

Cash and Investment Combined Statement

| Years | Fund | Beginning Cash and Investment Overstated/(Under) | Receipts Overstated/(Under) | Disbursements Overstated/ (Under) | Ending Cash and Investments Overstated/ (Under) |
|-------|--------------|---|--------------------------------|---|---|
| 2021 | General Fund | \$ (482) | \$ (57) | \$ - | \$ (539) |
| 2022 | General Fund | (539) | (1,372) | - | (1,911) |
| 2023 | General Fund | (1,911) | 93,177 | - | 91,266 |
| 2024 | General Fund | 91,266 | - | 19 | 91,247 |

Investment Fund Statement

- Investments were reported in each of the years in error. The District did not have any investments.

Adjustments were proposed, accepted by the District, and made to the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in this report. Additionally, officials made corrections to the AFRs and resubmitted them in Gateway.

Grant Schedule

For the year ended December 31, 2023, the District received and spent grants in the amount of \$24,309; however, it was not reported in the AFR.

Capital Asset Schedule

The capital asset information reported in the AFR did not agree to the detailed listing maintained by the District.

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 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](#)."

VERMILLION COUNTY SOIL AND WATER CONSERVATION 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. . . ."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Internal controls were not in place to ensure the District complied with laws regarding reconciling requirements. The December 2024 bank reconciliation included deposits in transit that totaled \$1,023 and were dated September 2022, October 2023, and October 2024. These were not deposits in transit but book errors that had not been corrected. Additionally, the December 2024 bank reconciliation showed an adjusted bank balance of \$126 more than the funds ledger balance.

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

VERMILLION COUNTY SOIL AND WATER CONSERVATION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

| Fund | Cash and Investments 01-01-21 | Receipts | Disbursements | Cash and Investments 12-31-21 | Receipts | Disbursements | Cash and Investments 12-31-22 |
|--------------|-------------------------------------|------------------|------------------|-------------------------------------|------------------|-------------------|-------------------------------------|
| General Fund | \$ 155,230 | \$ 56,032 | \$ 37,369 | \$ 173,893 | \$ 59,282 | \$ 121,602 | \$ 111,573 |
| Totals | <u>\$ 155,230</u> | <u>\$ 56,032</u> | <u>\$ 37,369</u> | <u>\$ 173,893</u> | <u>\$ 59,282</u> | <u>\$ 121,602</u> | <u>\$ 111,573</u> |

VERMILLION COUNTY SOIL AND WATER CONSERVATION DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2023 and 2024

| Fund | Cash and Investments 01-01-23 | Receipts | Disbursements | Cash and Investments 12-31-23 | Receipts | Disbursements | Cash and Investments 12-31-24 |
|--------------|-------------------------------------|-------------------|------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| General Fund | \$ 111,573 | \$ 119,518 | \$ 77,434 | \$ 153,657 | \$ 243,284 | \$ 147,547 | \$ 249,394 |
| Totals | <u>\$ 111,573</u> | <u>\$ 119,518</u> | <u>\$ 77,434</u> | <u>\$ 153,657</u> | <u>\$ 243,284</u> | <u>\$ 147,547</u> | <u>\$ 249,394</u> |