

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

DAVISS COUNTY SOIL AND WATER CONSERVATION DISTRICT

DAVISS COUNTY, INDIANA

January 1, 2021 to December 31, 2024



**FILED**

04/15/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Megan Frederick (Vacant) Amber Stevens	01-01-21 to 05-17-24 05-18-24 to 05-19-24 05-20-24 to 12-31-25
Chair of the District Board	Philip Flint	01-01-21 to 12-31-25



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## INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Daviess 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 Amber Stevens, Fiscal Officer, and Robert Sullender, District Board member, on March, 27, 2025.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 25, 2025

DAVISS 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 financial reporting system. The District had not established effective internal controls over the information submitted in the AFR, which resulted in the following errors:

*Financial Data*

The District reported in the 2024 AFR an investment account as a separate fund. The funds in the investment account were determined not to be restricted, and, therefore, a part of the General Fund.

Adjustments were proposed to combine the separately-reported fund with the General Fund, accepted by the District, and made to the 2024 AFR and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in this report.

*Investments Statement*

The District reported in the 2024 AFR an investment account as cash instead of an investment. During the engagement, the account was determined to be an investment. The value of the investment at December 31, 2024, was \$111,817.

*Capital Assets*

Two assets totaling \$14,050 were included in the District's capital asset listing but were not reported in the capital assets section of the AFR for any year of the engagement period. The two assets were purchased in 2013.

*Accounts Payable/Receivable*

The District reported \$37,804 in accounts payable and \$109,451 in accounts receivable in the 2024 AFR. These amounts were the total disbursements and receipts for the year 2024. Accounts payable should be the total amount for goods and services that the District received or used during the year but has not paid for by the end of the year. Accounts receivable should be amounts owed to the District that have not been received by the end of the year.

*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.

DAVISS COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(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. . . ."

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**

A similar comment also appeared in prior Report B57916, entitled *ADOPTION OF AND TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

#### *Condition and Context*

Internal controls were not in place to ensure the District was in compliance with laws and regulations related to training over and certification on internal control 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 did not provide evidence that the required training had occurred.

#### *Criteria*

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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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DAVIESS COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

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

DAVISS 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	\$ 196,860	\$ 102,388	\$ 75,697	\$ 223,551	\$ 78,316	\$ 112,700	\$ 189,167
Totals	<u>\$ 196,860</u>	<u>\$ 102,388</u>	<u>\$ 75,697</u>	<u>\$ 223,551</u>	<u>\$ 78,316</u>	<u>\$ 112,700</u>	<u>\$ 189,167</u>

DAVISS 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	\$ 189,167	\$ 220,554	\$ 152,688	\$ 257,033	\$ 109,452	\$ 37,804	\$ 328,681
Totals	<u>\$ 189,167</u>	<u>\$ 220,554</u>	<u>\$ 152,688</u>	<u>\$ 257,033</u>	<u>\$ 109,452</u>	<u>\$ 37,804</u>	<u>\$ 328,681</u>