

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

HAMILTON COUNTY SOIL AND WATER CONSERVATION DISTRICT

HAMILTON COUNTY, INDIANA

January 1, 2021 to December 31, 2024



FILED
04/16/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ginger Davis	01-01-21 to 02-26-21
	(Vacant)	02-27-21 to 04-25-21
	David Bradway	04-26-21 to 12-31-25
Treasurer	Warren H. Sarber	01-01-21 to 03-18-24
	Dusty Forrer	03-19-24 to 02-14-25
	(Vacant)	02-15-25 to 03-19-25
	Samantha Miller	03-20-25 to 12-31-25
Chair of the Board of Supervisors	Jared Kakasuleff	01-01-21 to 03-23-22
	Dusty Forrer	03-24-22 to 03-23-23
	Amanda Egler	03-24-23 to 03-18-24
	Rodney Rulon	03-19-24 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Hamilton 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 David Bradway, Director, and Rodney Rulon, Chair of the Board of Supervisors, on April 7, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 25, 2025

HAMILTON COUNTY SOIL AND WATER CONSERVATION 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 files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, bank statements, outstanding check lists, approved District Board minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund. The District did not upload the following items monthly:

- The District Board minutes for July 2022 were not uploaded.
- The bank reconciliements for January 2022 through November 2024 were not uploaded.
- The outstanding check lists for January 2022 through November 2024 were not uploaded.

Annual upload requirements include the year-end investment statements, detail of receipt activity by fund, detail of disbursement activity by fund, current year salary schedule and amendments, annual vendor history reports, annual payroll history report without social security numbers, annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund. The District did not upload any of these required annual uploads from 2022 to 2024.

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. . . ."

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, and updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024 and the 2023 annual uploads due March 1, 2024)

HAMILTON COUNTY SOIL AND WATER CONSERVATION DISTRICT
COMMENTS
(Continued)

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 4)

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure compliance with applicable laws and regulations for capital assets. The District did not maintain a complete, detailed listing of all capital assets owned, which reflected their acquisition value, during the engagement period. The District indicated that they had purchased a trailer and then made improvements to it as well as a shed; however, the costs for these items did not agree to the amounts reported in its capital asset record.

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. . . ."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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

HAMILTON 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	\$ 269,421	\$ 222,156	\$ 206,081	\$ 285,496	\$ 233,309	\$ 179,324	\$ 339,481
Totals	<u>\$ 269,421</u>	<u>\$ 222,156</u>	<u>\$ 206,081</u>	<u>\$ 285,496</u>	<u>\$ 233,309</u>	<u>\$ 179,324</u>	<u>\$ 339,481</u>

HAMILTON 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	\$ 339,481	\$ 296,798	\$ 268,211	\$ 368,068	\$ 289,604	\$ 213,948	\$ 443,724
Totals	<u>\$ 339,481</u>	<u>\$ 296,798</u>	<u>\$ 268,211</u>	<u>\$ 368,068</u>	<u>\$ 289,604</u>	<u>\$ 213,948</u>	<u>\$ 443,724</u>