

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

SULLIVAN COUNTY SOIL AND WATER CONSERVATION DISTRICT

SULLIVAN COUNTY, INDIANA

January 1, 2021 to December 31, 2024



**FILED**

04/29/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
District Coordinator/Educator	Allison McKain Katie Marchino (Vacant) Kennedy Gofourth	01-01-21 to 10-31-21 11-01-21 to 08-02-24 08-03-24 to 08-06-24 08-07-24 to 12-31-25
Chair of the District Board	Bobbi Hunt-Kincaid	01-01-21 to 12-31-25



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Sullivan 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 Kennedy Gofourth, District Coordinator/Educator; Bobbi Hunt-Kincaid, Chair of the District Board; and Travis McKinney, District Board member, on April 14, 2025.



Beth Kelley, CPA, CFE  
Deputy State Examiner

April 8, 2025

SULLIVAN 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 filed the AFRs as prescribed; however, internal controls over the financial data entered into the AFRs, which was the source of the District's financial statements, were not established. The Office Manager prepared and submitted the financial data into the AFRs. There was no evidence of an oversight, review, or approval process to ensure the information was accurate or complete prior to submission. Due to the lack of internal controls, the District's AFRs contained the following errors:

*Financial Data*

The District reported a duplicate receipt during 2022, which overstated receipts and ending cash and investments by \$6,953 on the AFR. During 2023, interest totaling \$691 was not posted to the ledger but was reported on the AFR.

Adjustments were proposed, accepted by the District, and made to the 2022 and 2023 AFRs and the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in this report.

*Accounts Payable and Receivable*

The District did not maintain documentation to support the amounts entered in the AFRs for Accounts Payable and Receivable reported during the engagement period.

*Capital Assets*

Although the District reported capital assets, the capital assets were reported using depreciated values rather than historical costs as required. The difference between the capital assets per the District's capital asset listing and what was reported on the AFR is as follows:

Reporting Year End	Capital Assets Per District's Capital Asset Listing	Capital Assets Reported on AFR	Difference
12-31-21	\$ 30,170	\$ 27,408	\$ 2,762
12-31-22	63,241	26,408	36,833
12-31-23	63,241	26,408	36,833
12-31-24	63,241	26,408	36,833

*Grants*

The District did not provide adequate supporting documentation during 2022, 2023, and 2024 to support the amounts reported on the AFRs.

SULLIVAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

*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](#)."

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 1)

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. . . ."

**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: . . .

SULLIVAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

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

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## **CAPITAL ASSETS**

This same comment appeared in prior Report B59217.

### *Condition and Context*

Internal controls were not in place to ensure the District was in compliance with laws and regulations related to capital assets. The District was unable to provide evidence that a complete physical inventory had been conducted every year as required by the District's internal control policy.

### *Criteria*

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

SULLIVAN COUNTY SOIL AND WATER CONSERVATION DISTRICT  
COMMENTS  
(Continued)

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

SULLIVAN 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
SWCD General Fund	\$ 165,721	\$ 653,359	\$ 588,872	\$ 230,208	\$ 273,126	\$ 381,868	\$ 121,466
Totals	<u>\$ 165,721</u>	<u>\$ 653,359</u>	<u>\$ 588,872</u>	<u>\$ 230,208</u>	<u>\$ 273,126</u>	<u>\$ 381,868</u>	<u>\$ 121,466</u>

SULLIVAN 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
SWCD General Fund	\$ 121,466	\$ 359,358	\$ 333,239	\$ 147,585	\$ 363,894	\$ 321,225	\$ 190,254
Totals	<u>\$ 121,466</u>	<u>\$ 359,358</u>	<u>\$ 333,239</u>	<u>\$ 147,585</u>	<u>\$ 363,894</u>	<u>\$ 321,225</u>	<u>\$ 190,254</u>