

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

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

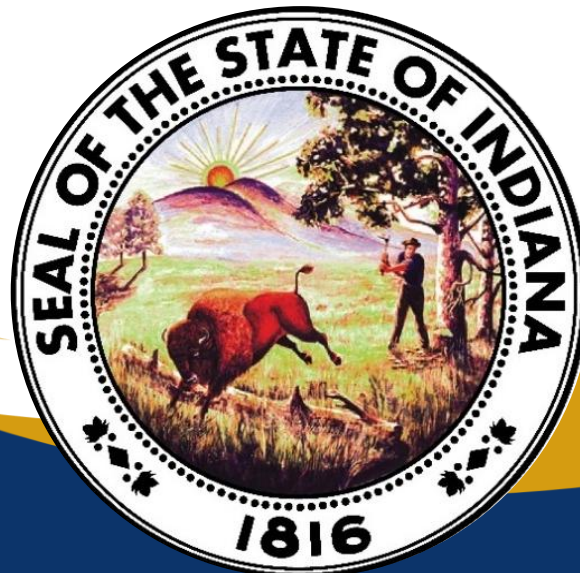
COMPLIANCE REPORT

OF

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY

JENNINGS COUNTY, INDIANA

January 1, 2024 to December 31, 2025



FILED

04/23/2026

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Charles Weber	01-01-24 to 12-31-26
President of the Redevelopment Authority Board	Jerry Lamb	01-01-24 to 12-31-26



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE CITY OF NORTH VERNON REDEVELOPMENT
AUTHORITY, JENNINGS COUNTY, INDIANA

The City of North Vernon Redevelopment Authority's (Authority) financial information was audited as part of the City of North Vernon's (City) financial statement for the period from January 1, 2024 to December 31, 2025. The Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement and which includes the Authority's financial information, may be found at www.in.gov/sboa.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures for the Authority. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Authority's Annual Financial Report information can be found on the Indiana Gateway for Government Units financial reporting system website: <https://gateway.ifionline.org> and has not been subjected to any audit procedures.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

April 16, 2026

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment appeared in a Management Letter addressed to the Officials of the Authority for the audit period ending December 31, 2023.

Condition and Context

The Authority did not have effective internal controls over cash and investments, receipts and disbursements, and financial close and reporting. There was no documented review or oversight process to prevent, or detect and correct, errors over the following areas:

Cash and Investments

There was no documented internal control in place to ensure monthly reconciliations were being completed. As a result, depository reconciliations of the fund balances to the bank balances were not reviewed by another individual during the audit period.

Receipts and Disbursements

There was no documented internal control in place, including segregation of duties, over receipts and disbursements.

Financial Close and Reporting

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The Authority had not established internal controls to ensure an AFR was completed.

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. . . ."

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS - COMPLIANCE

Condition and Context

Deficiencies in internal controls resulted in noncompliance with applicable laws and regulations related to the following items:

- Annual Financial Report - Financial Transactions
- Board Organization
- Internal Control Standards - Adoption
- Internal Control Standards - Training
- Internal Control Standards - Certification
- Prescribed Forms
- Disbursements - Certification and Approval of Claims
- Monthly and Annual Uploads
- Contracts - Noncompliance
- Public Works - Noncompliance with Public Works Statute

Internal controls were not designed and implemented to ensure compliance with applicable laws and regulations. The noncompliance that occurred as a result of these internal control deficiencies is described in the corresponding comments within this report.

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. . . ."

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
 AUDIT RESULTS AND COMMENTS
 (Continued)

ANNUAL FINANCIAL REPORT - FINANCIAL TRANSACTIONS

A similar comment appeared in a Management Letter addressed to the Officials of the Authority for the audit period ending December 31, 2023.

Condition and Context

An Annual Financial Report (AFR) was required to be submitted annually for the Authority via the Indiana Gateway for Government Units financial reporting system. The following errors were noted on the AFR as described in the table below:

Fiscal Year Ending	Fund	Beginning Cash and Investments Over/(Under) Stated	Receipts Over/(Under) Stated	Disbursements Over/(Under) Stated	Ending Cash and Investments Over/(Under) Stated
2024	Redevelopment Authority	\$ 72,733	\$ 494,461	\$ 484,779	\$ 82,415
2025	Redevelopment Authority	82,415	495,289	489,089	88,615

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."

BOARD ORGANIZATION

A similar comment appeared in a Management Letter addressed to the Officials of the Authority for the audit period ending December 31, 2023.

Condition and Context

The Authority was unable to provide evidence for audit to indicate that it conducted an annual organizational meeting immediately after January 15 to elect officers as required by statute. There were no Authority Board minutes presented for audit for 2024 or 2025, and there was no documentation that an organizational meeting was held and who was elected to hold which positions.

Criteria

Indiana Code 36-7-14.5-9 states in part:

"(a) Each year, the board shall hold an organizational meeting on a day that is not a Saturday, a Sunday, or a legal holiday and that is their first meeting day of the year. It shall elect one (1) of the members president, another vice president, and another secretary-treasurer to perform the duties of those offices. These officers serve from the date of their election and until their successors are elected and qualified. The board may elect an assistant secretary-treasurer. Before April 1, the secretary-treasurer shall report annually to the board. . . ."

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

(d) Special meetings may be called by the president of the board or any two (2) members of the board.

(e) A majority of the members constitutes a quorum, and the concurrence of a majority of the members is necessary to authorize any action."

INTERNAL CONTROL STANDARDS - ADOPTION

Condition and Context

The Authority had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

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."

INTERNAL CONTROL STANDARDS - TRAINING

Condition and Context

The Authority had not provided internal control training to all required personnel as defined by the Indiana State Board of Accounts for 2024 or 2025.

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."

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROL STANDARDS - CERTIFICATION

Condition and Context

The Authority certified in 2024 and 2025 on the Indiana Gateway for Government Units financial reporting system that they had adopted the minimum internal control standards and provided the proper training. However, due to the Authority not adopting the minimum internal control standards, the certification was incorrectly made.

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."

PRESCRIBED FORMS

A similar comment appeared in a Management Letter addressed to the Officials of the Authority for the audit period ending December 31, 2023.

Condition and Context

The Authority did not properly use the prescribed forms during the audit period. The following prescribed or approved forms were not in use:

- Ledger of Receipts, Disbursements and Balances - Form 358
- Claim (General Expense) - Form 354
- General Receipt - Form 352

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)

DISBURSEMENTS - CERTIFICATION AND APPROVAL OF CLAIMS

Condition and Context

During our testing of vendor claims, there was no documentation of the fiscal officer's or governing board's approval for any of the disbursements tested.

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

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;
- (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. . . ."

MONTHLY AND ANNUAL UPLOADS - MISSING UPLOADS

Condition and Context

The Authority is required to follow the provisions of State Examiner Directive 2018-1, which requires monthly and annual uploads of files and other government unit information on the Indiana Gateway for Government Units financial reporting system.

The Authority did not fully comply with the State Examiner Directive as follows:

- Monthly funds ledgers were not uploaded.
- Monthly bank reconciliements were not uploaded.
- No required annual uploads were completed.

Criteria

All counties, cities, towns, townships, libraries, schools, extracurricular accounts (ECAs), and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the Indiana State Board of Accounts (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. (State Examiner Directive 2018-1, Amended October 2023, and Amended April 2025)

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)

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

CONTRACTS - NONCOMPLIANCE

Condition and Context

Contracts related to the quarry and pickleball court projects were not provided for review for the audit period.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

PUBLIC WORKS - NONCOMPLIANCE WITH PUBLIC WORKS STATUTE

Condition and Context

The Authority did not properly bid for public works projects that exceeded \$150,000. The following errors were noted:

- The Authority received a quote for the Pickleball Court Project that exceeded \$150,000 but did not perform the formal bid process.
- For the Pickleball Court Project, a change order was not approved by the Authority governing board.
- For the Quarry Project, there was not a contract signed between the Authority and the contractor after the contractor was selected for the project.

Criteria

Indiana Code 36-1-12-4 states in part:

"(a) This section applies whenever the cost of a public work project will be at least the following:

...

(2) One hundred fifty thousand dollars (\$150,000), if the political subdivision is not a school corporation.

(b) The board must comply with the following procedure:

(1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. If the project involves the resurfacing (as defined by IC 8-14-2-1) of a road, street, or bridge, the specifications must show how the weight or volume of the materials will be accurately measured and verified.

(2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. If the board receives electronic bids as set forth in subsection (d), the board shall also provide electronic access to the notice of the bid solicitation through the computer gateway administered under IC 4-13.1-2-2(a)(6) by the office of technology.
- (4) The notice must specify the place where the plans and specifications are on file and the date fixed for receiving bids.
- (5) The period of time between the date of the first publication and the date of receiving bids shall be governed by the size of the contemplated project in the discretion of the board. The period of time between the date of the first publication and receiving bids may not be more than:
 - (A) six (6) weeks if the estimated cost of the public works project is less than twenty-five million dollars (\$25,000,000); and
 - (B) ten (10) weeks if the estimated cost of the public works project is at least twenty-five million dollars (\$25,000,000).
- (6) The board shall require the bidder to submit a financial statement, a statement of experience, a proposed plan or plans for performing the public work, and the equipment that the bidder has available for the performance of the public work. The statement shall be submitted on forms prescribed by the state board of accounts.
- (7) The board may not require a bidder to submit a bid before the meeting at which bids are to be received. The meeting for receiving bids must be open to the public. All bids received shall be opened publicly and read aloud at the time and place designated and not before. Notwithstanding any other law, bids may be opened after the time designated if both of the following apply:
 - (A) The board makes a written determination that it is in the best interest of the board to delay the opening.
 - (B) The day, time, and place of the rescheduled opening are announced at the day, time, and place of the originally scheduled opening.
- (8) Except as provided in subsection (c), the board shall:
 - (A) award the contract for public work or improvements to the lowest responsible and responsive bidder; or
 - (B) reject all bids submitted.
- (9) If the board awards the contract to a bidder other than the lowest bidder, the board must state in the minutes or memoranda, at the time the award is made, the factors used to determine which bidder is the lowest responsible and responsive bidder and to justify the award. The board shall keep a copy of the minutes or memoranda available for public inspection.
- (10) In determining whether a bidder is responsive, the board may consider the following factors:

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

(A) Whether the bidder has submitted a bid or quote that conforms in all material respects to the specifications.

(B) Whether the bidder has submitted a bid that complies specifically with the invitation to bid and the instructions to bidders.

(C) Whether the bidder has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract.

(11) In determining whether a bidder is a responsible bidder, the board may consider the following factors:

(A) The ability and capacity of the bidder to perform the work.

(B) The integrity, character, and reputation of the bidder.

(C) The competence and experience of the bidder.

(12) The board shall require the bidder to submit an affidavit:

(A) that the bidder has not entered into a combination or agreement:

(i) relative to the price to be bid by a person;

(ii) to prevent a person from bidding; or

(iii) to induce a person to refrain from bidding; and

(B) that the bidder's bid is made without reference to any other bid. . . .

(d) Notwithstanding subsection (b), a board may receive electronic bids for the public work if:

(1) the solicitation for bids indicates the procedure for transmitting the electronic bid to the board; and

(2) the board receives the bid on a facsimile machine or system with a security feature that protects the content of an electronic bid with the same degree of protection as the content of a bid that is not transmitted by a facsimile machine.

(e) board may select a vendor to provide an electronic platform to accommodate the electronic bidding process."

Indiana Code 36-1-12-18(a) states:

"If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor."

CITY OF NORTH VERNON REDEVELOPMENT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on April 16, 2026, with Charles Weber, Fiscal Officer; R. Shawn Gerkin, Mayor of the City of North Vernon; and Jack Kelley, Redevelopment Authority Board member.