

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

COMPLIANCE ENGAGEMENT REPORT

OF

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT

STARKE COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
07/09/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Todd Lawrence	01-01-19 to 12-31-24
President of the District Board	Todd Lawrence	01-01-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE BAILEY-COX-NEWTSON CONSERVANCY
DISTRICT, STARKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Bailey-Cox-Newtson Conservancy District (District), for the period of January 1, 2019 to December 31, 2023. 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 Todd Lawrence, Financial Clerk/President of the District Board, and Amy White, District Board member, on June 20, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 22, 2024

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
COMMENT

MONTHLY AND ANNUAL UPLOADS

Condition and Context

Internal controls were not in place to ensure that the District complied with State Examiner Directive 2018-1. The District did not comply with the State Examiner Directive and failed to upload the required monthly and annual files on the Indiana Gateway for Government Units financial reporting system in a timely manner during the engagement period as follows:

- District Board minutes for the entire period were not uploaded until April 11, 2024.
- No bank statements or fund reports for the months of January to November of each year were uploaded.
- Bank statements and fund reports for December of 2019, 2020, 2021, and 2022 were not uploaded until July 17, 2023.
- Annual uploads for 2019 to 2022 were not uploaded until July 17, 2023.

Criteria

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)

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. . . ."

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

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BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Cumulative Maintenance	\$ 704	\$ 2,461	\$ 3,165	\$ -	\$ 3,765	\$ -	\$ 3,765
Debt Service	97	31,621	31,718	-	32,483	32,483	-
Operation And Maintenance	1,015	37,124	37,108	1,031	70,475	35,783	35,723
Totals	<u>\$ 1,816</u>	<u>\$ 71,206</u>	<u>\$ 71,991</u>	<u>\$ 1,031</u>	<u>\$ 106,723</u>	<u>\$ 68,266</u>	<u>\$ 39,488</u>

BAILEY-COX-NEWTSON CONSERVANCY 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
Cumulative Maintenance	\$ 3,765	\$ 3,985	\$ -	\$ 7,750	\$ 3,756	\$ 4,000	\$ 7,506
Debt Service	-	32,152	32,152	-	31,775	31,775	-
Operation And Maintenance	35,723	76,080	28,556	83,247	49,131	62,099	70,279
Totals	<u>\$ 39,488</u>	<u>\$ 112,217</u>	<u>\$ 60,708</u>	<u>\$ 90,997</u>	<u>\$ 84,662</u>	<u>\$ 97,874</u>	<u>\$ 77,785</u>

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Cumulative Maintenance	\$ 7,506	\$ 4,947	\$ 7,500	\$ 4,953
Operation And Maintenance	<u>70,279</u>	<u>72,924</u>	<u>39,693</u>	<u>103,510</u>
Totals	<u>\$ 77,785</u>	<u>\$ 77,871</u>	<u>\$ 47,193</u>	<u>\$ 108,463</u>