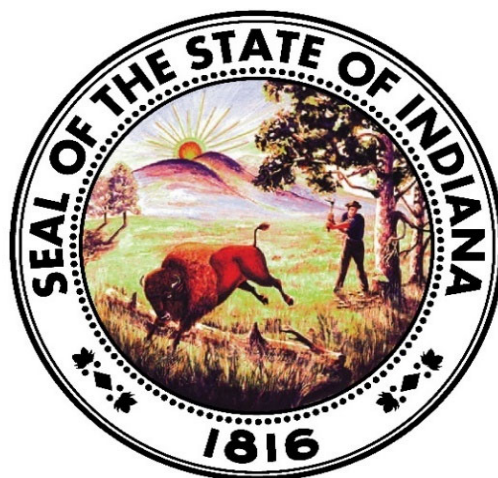


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

COMPLIANCE ENGAGEMENT REPORT
OF
CLEAR CREEK CONSERVANCY DISTRICT
PUTNAM COUNTY, INDIANA
January 1, 2019, to December 31, 2023



FILED
07/15/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the District Board	Duane Kelly	01-01-19 to 12-31-24
Administrative and Financial Manager	Kathy Deer	01-01-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CLEAR CREEK CONSERVANCY
DISTRICT, PUTNAM COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Clear Creek 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 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 Duane Kelly, President of the District Board, and Kathy Deer, Administrative and Financial Manager, on July 10, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 26, 2024

CLEAR CREEK CONSERVANCY DISTRICT
COMMENTS

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure the capital assets were reported properly. For the years 2019, 2020, and 2021, the District did not have a capital assets policy that detailed the threshold at which an item is considered a capital asset.

The District did not maintain a complete detailed listing of all capital assets owned which reflects their acquisition value. Additionally, a complete a physical inventory of all capital assets was not completed at least every two years.

The District reported assets totaling \$25,438,587 in the Indiana Gateway for Government Units financial reporting system for the year ending December 31, 2023, which was unable to be substantiated.

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 detailed 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)

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. . . ."

INVESTMENT POLICY

Condition and Context

The District correctly obtained quotes and the best rates before purchasing a Certificate of Deposit; however, the original stated maturity of the Certificate of Deposit was 60 months without an established investment policy. Per Indiana Code 5-13-9-5.7, the District has the option to adopt an investment policy that authorizes the investment of public funds for more than two years but not more than five years.

Criteria

Indiana Code 5-13-9-5.7 states:

"(a) The fiscal body of a political subdivision may adopt an investment policy authorizing the investment of public funds of the political subdivision for more than two (2) years and not more than five (5) years. The policy must:

CLEAR CREEK CONSERVANCY DISTRICT
COMMENTS
(Continued)

- (1) be in writing;
 - (2) be adopted at a public meeting;
 - (3) provide for the investment of public funds with the approval of the investing officer;
 - (4) provide that the investments must be made in accordance with this article;
 - (5) limit the total investments outstanding under this section to not more than twenty-five percent (25%) of the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts; and
 - (6) state a date on which the policy expires, which may not be more than four (4) years after the date on which the policy takes effect.
- (b) A policy adopted by a fiscal body under subsection (a) remains in effect only through the date of expiration established in the policy, which may not be more than four (4) years after the date on which the policy takes effect.
- (c) A fiscal body that has adopted a written investment policy under subsection (a) may adopt an ordinance authorizing its investing officer to make investments having a stated final maturity that is:
- (1) more than two (2) years; but
 - (2) not more than five (5) years;
- after the date of purchase or entry into a repurchase agreement.
- (d) An ordinance adopted by a fiscal body under subsection (c) and the power to make an investment described in subsection (c) expire on the date on which the policy expires, which may not be more than four (4) years after the date on which the policy takes effect.
- (e) After an investment of public funds of a political subdivision is made by the investing officer under this section, the total investments of the political subdivision outstanding under this section may not exceed twenty-five percent (25%) of the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts. However, an investment that complies with this section when the investment is made remains legal even if:
- (1) the investment policy has expired; or
 - (2) a subsequent decrease in the total portfolio of public funds invested by the political subdivision, including balances in transaction accounts, causes the percentage of investments outstanding under this section to exceed twenty-five percent (25%) of the total portfolio of public funds invested by the political subdivision.
- (f) An investing officer may contract with a federally regulated investment advisor or other institutional money manager to make investments under this section."

Investments can only be made in accordance with statutory guidelines. Losses and expenses related to any unauthorized investments and unauthorized investment procedures may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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

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CLEAR CREEK 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
General Fund	\$ 893,865	\$ 683,283	\$ 705,589	\$ 871,559	\$ 675,797	\$ 802,464	\$ 744,892
Cumulative Improvement	1,012,286	90,772	-	1,103,058	86,015	-	1,189,073
Cumulative Maintenance	269,967	11,487	-	281,454	4,734	-	286,188
Dam & Spillway Repair Fund	598,945	9,200	-	608,145	3,774	-	611,919
Equipment Depreciation Fund	79,596	30	-	79,626	565	-	80,191
Sewer Connection Fund	460,796	68,137	-	528,933	-	-	528,933
Sewer Renovation Fund	1,277,973	53,683	-	1,331,656	-	-	1,331,656
Sewer Connection Fund	-	-	-	-	103,935	1,766	102,169
Sewer Renovation Fund	-	-	-	-	17,914	-	17,914
Totals	<u>\$ 4,593,428</u>	<u>\$ 916,592</u>	<u>\$ 705,589</u>	<u>\$ 4,804,431</u>	<u>\$ 892,734</u>	<u>\$ 804,230</u>	<u>\$ 4,892,935</u>

CLEAR CREEK 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
General Fund	\$ 744,893	\$ 715,042	\$ 720,927	\$ 739,008	\$ 855,209	\$ 683,454	\$ 910,763
Cumulative Improvement	1,189,073	90,422	-	1,279,495	107,910	-	1,387,405
Cumulative Maintenance	286,188	12,195	-	298,383	4,521	-	302,904
Dam & Spillway Repair Fund	611,919	5,347	-	617,266	-	-	617,266
Equipment Depreciation Fund	80,192	-	-	80,192	6,024	-	86,216
Sewer Connection Fund	631,102	102,115	1,806	731,411	-	-	731,411
Sewer Renovation Fund	1,349,569	60,050	-	1,409,619	-	-	1,409,619
Sewer Connection Fund	-	-	-	-	105,599	-	105,599
Sewer Renovation Fund	-	-	-	-	29,398	-	29,398
Totals	<u>\$ 4,892,936</u>	<u>\$ 985,171</u>	<u>\$ 722,733</u>	<u>\$ 5,155,374</u>	<u>\$ 1,108,661</u>	<u>\$ 683,454</u>	<u>\$ 5,580,581</u>

CLEAR CREEK 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
General Fund	\$ 910,763	\$ 3,798,333	\$ 4,020,617	\$ 688,479
Cumulative Improvement	1,387,405	102,659	-	1,490,064
Cumulative Maintenance	302,903	-	-	302,903
Dam & Spillway Repair Fund	617,266	-	183,067	434,199
Equipment Depreciation Fund	86,216	-	-	86,216
Sewer Connection Fund	837,010	58,112	-	895,122
Sewer Renovation Fund	<u>1,439,018</u>	<u>30,016</u>	<u>1,469,034</u>	<u>-</u>
Totals	<u>\$ 5,580,581</u>	<u>\$ 3,989,120</u>	<u>\$ 5,672,718</u>	<u>\$ 3,896,983</u>