

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

COMPLIANCE ENGAGEMENT REPORT

OF

LAKE HOLIDAY CONSERVANCY DISTRICT

MONTGOMERY COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

10/07/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-7
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	10-11
Official Response	12

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Charles McKeown Tiffany Deer	01-01-19 to 06-30-21 07-01-21 to 12-31-24
President of the District Board	William Brenda Darren Day	01-01-19 to 12-31-23 01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE LAKE HOLIDAY CONSERVANCY
DISTRICT, MONTGOMERY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Lake Holiday Conservancy District (District), for the period of January 1, 2019 to December 31, 2022. 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 Tiffany Deer, Financial Clerk, and Darren Day, President of the District Board, on August 28, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 18, 2024

LAKE HOLIDAY CONSERVANCY DISTRICT
COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The District had not developed adequate internal controls over the reconciliation of fund balances. Depository reconciliations of the fund balances to the bank account balances were conducted for each calendar year end of the engagement period, but variances of \$328, \$3,722, \$2,852, and \$1,600 between the fund balances and the adjusted bank balances were noted for December 31, 2019, 2020, 2021, and 2022, respectively.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The District certified on the Indiana Gateway for Government Units financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, the District had not adopted the minimum internal control standards. The District's internal control system did not detect this error.

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

LAKE HOLIDAY CONSERVANCY DISTRICT
COMMENTS
(Continued)

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.

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ADOPTION OF INTERNAL CONTROL STANDARDS

Condition and Context

The District had not adopted the acceptable minimum level of internal control standards policy 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."

CAPITAL ASSETS

Condition and Context

The District had not developed adequate internal controls over capital assets. The District had not adopted a capital assets policy that detailed the threshold at which an item is considered a capital asset. In addition, the District had not conducted a physical inventory at least every two years or maintained a complete detailed listing of all capital assets owned which reflects their acquisition value. Capital assets reported by the District for December 31, 2022, were \$539,953.

LAKE HOLIDAY CONSERVANCY DISTRICT
COMMENTS
(Continued)

Criteria

Every unit must have a capital asset 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.

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

LAKE HOLIDAY 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	\$ 30,076	\$ 361,452	\$ 374,346	\$ 17,182	\$ 348,163	\$ 309,119	\$ 56,226
Cumulative Improvement Fund **	186,185	23,593	-	209,778	24,643	32,900	201,521
Cumulative Equipment Fund	50,552	1,263	38,529	13,286	17,581	-	30,867
Cumulative Maintenance Fund	92,023	1,742	-	93,765	2,116	-	95,881
Lake Sediment Removal (Eba)	3,720	5	3,725	-	-	-	-
Sewer Development Fund	<u>1,039,259</u>	<u>47,553</u>	<u>-</u>	<u>1,086,812</u>	<u>19,526</u>	<u>16,540</u>	<u>1,089,798</u>
Totals	<u>\$ 1,401,815</u>	<u>\$ 435,608</u>	<u>\$ 416,600</u>	<u>\$ 1,420,823</u>	<u>\$ 412,029</u>	<u>\$ 358,559</u>	<u>\$ 1,474,293</u>

LAKE HOLIDAY 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	\$ 56,226	\$ 330,399	\$ 289,411	\$ 97,214	\$ 316,436	\$ 260,391	\$ 153,259
Cumulative Improvement Fund **	201,521	23,223	81,722	143,022	25,147	55,720	112,449
Cumulative Equipment Fund	30,867	26	12,125	18,768	17	-	18,785
Cumulative Maintenance Fund	95,881	3,158	-	99,039	345	-	99,384
Sewer Development Fund	1,089,798	6,054	-	1,095,852	4,587	-	1,100,439
Totals	<u>\$ 1,474,293</u>	<u>\$ 362,860</u>	<u>\$ 383,258</u>	<u>\$ 1,453,895</u>	<u>\$ 346,532</u>	<u>\$ 316,111</u>	<u>\$ 1,484,316</u>



DEER ACCOUNTING LLC
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9/7/2024

State Board of Accounts
Lake Holiday Conservancy District
Audit Period 2019-2022

To Whom It May Concern:

Subsequent to the audit period, and before the Exit Conference, both the Internal Controls Policy and the Capital Asset Policy were reviewed and adopted by the Lake Holiday Conservancy District Board of Trustees.

Sincerely,

Tiffany Deer
Deer Accounting