

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

COMPLIANCE ENGAGEMENT REPORT
OF
KOONTZ LAKE CONSERVANCY DISTRICT
STARKE COUNTY, INDIANA
January 1, 2020 to December 31, 2023



FILED
09/23/2024

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SCHEDULE OF OFFICIALS

Office

Official

Term

President of the District Board

Martin R. Wolf

01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE KOONTZ LAKE 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 Koontz Lake Conservancy District (District) for the period of January 1, 2020 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 Martin R. Wolf, President of the District Board; Steve Troike, District Board member; James Ade, District Board member; Patrick Raycroft, District Board member; and Trista Hudson, Financial Advisor, on August 29, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 15, 2024

KOONTZ LAKE CONSERVANCY DISTRICT
COMMENT

ACCOUNTS PAYABLE VOUCHERS

Condition and Context

Accounts Payable Vouchers are to be filled out along with each disbursement and preserved by the disbursing officer as part of the official records of the office. The District did not fill out or maintain Accounts Payable Vouchers for each disbursement during our engagement period. A financial report that includes all disbursements is presented to and certified by the District Board each month in the District Board minutes; however, Accounts Payable Vouchers are not filled out or maintained by the District.

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)

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

KOONTZ LAKE CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Operation and Maintenance Fund	\$ -	\$ 202,109	\$ 55,716	\$ 146,393	\$ 236,176	\$ 62,150	\$ 320,419
Totals	<u>\$ -</u>	<u>\$ 202,109</u>	<u>\$ 55,716</u>	<u>\$ 146,393</u>	<u>\$ 236,176</u>	<u>\$ 62,150</u>	<u>\$ 320,419</u>

KOONTZ LAKE CONSERVANCY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Operation and Maintenance Fund	\$ 320,419	\$ 330,825	\$ 426,922	\$ 224,322	\$ 252,355	\$ 207,654	\$ 269,023
Totals	<u>\$ 320,419</u>	<u>\$ 330,825</u>	<u>\$ 426,922</u>	<u>\$ 224,322</u>	<u>\$ 252,355</u>	<u>\$ 207,654</u>	<u>\$ 269,023</u>



P.O. Box 278
Walkerton, IN 46574

Official Response

Date: August 29, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Response to Results and Comments from 2024 Audit of the Koontz Lake Conservancy District

Once the district was made aware that our disbursement approval processes were not compliant with the regulatory requirements for AP Vouchers, we immediately began producing AP Vouchers for all disbursements as of January 1st, 2024. This is now a standard part of our financial processes.

Signed,

A handwritten signature in black ink that reads "Martin R. Wolf".

Martin R. Wolf
Chairman, Koontz Lake Conservancy District Board of Directors