

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

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

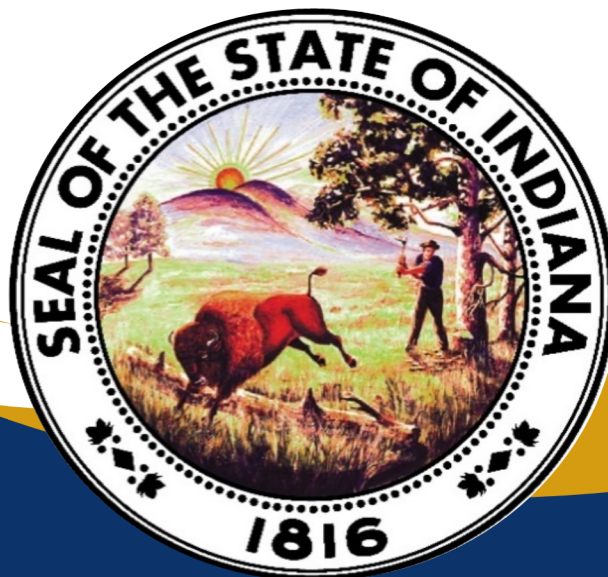
COMPLIANCE EXAMINATION REPORT

OF

MERRILLVILLE CONSERVANCY DISTRICT

LAKE COUNTY, INDIANA

January 1, 2022 to December 31, 2023



FILED
01/22/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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January 22, 2025

Board of Directors
Merrillville Conservancy District
Lake County, Indiana

This report is supplemental to the audit report of the Merrillville Conservancy District (District), for the period from January 1, 2022 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report for Merrillville Conservancy District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2022 to December 31, 2023. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

COMPLIANCE EXAMINATION OF
MERRILLVILLE CONSERVANCY DISTRICT
Lake County, Indiana
January 1, 2022 through December 31, 2023

MERRILLVILLE CONSERVANCY DISTRICT

Lake County, Indiana
January 1, 2022 through December 31, 2023

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MERRILLVILLE CONSERVANCY DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2022 through December 31, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Vickee Edwards	01-01-22 to 12-31-23
Chair of the District Board of the Directors	Edward Yerga	01-01-22 to 12-31-23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the Merrillville Conservancy District

We have examined the Merrillville Conservancy District's ("District") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2022 through December 31, 2023. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the District during the period January 1, 2022 through December 31, 2023, as described in items 2023-001 through 2023-004 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the District complied, in all material respects, with the aforementioned requirements during the period January 1, 2022 through December 31, 2023.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
December 30, 2024

MERRILLVILLE CONSERVANCY DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2022 through December 31, 2023

FINDING 2023-001: INTERNAL CONTROLS – ANNUAL FINANCIAL REPORT APPROVAL

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. . . ."*

Condition: During testing, we noted that the District did not meet the minimum standards of internal control. Specifically, we noted the following issue:

Financial Reporting and Other Information

During testing of receipts, it was noted that District recorded a cash receipt for property taxes not actually received by the District. Due to the settlement of a lawsuit where it was determined that a entity was overcharged property taxes in previous years, the District was required to reimburse the entity for those overcharges taxes. In lieu of the District making a cash payment for that reimbursement, the County withheld a portion of the District's current property tax revenues to cover the reimbursement. The District incorrectly recorded a cash receipt for the taxes they did not receive as well a recording a disbursement for the reimbursement the County paid for them.

FINDING 2023-002: INTERNAL CONTROLS – TRAINING

Criteria: Indiana Code 5-11-1-27(h) states in part, *"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that: . . . (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2)."*

Condition: During testing, we noted that the District had not met the minimum standards for training set in Indiana Code 5-11-1-27(h). Two employees who were required to complete internal control trainings did not complete the aforementioned trainings upon hire.

FINDING 2023-003: COMPLIANCE – CAPITAL ASSETS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Special Districts states in part, *"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 detail 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."*

A similar finding appeared in the prior Report B60250.

Condition: During testing of capital assets, we noted the District did not have a written policy concerning capital assets and the threshold at which an item is considered a capital asset. We noted that a physical inventory is not taken at least every two years.

(Continued)

MERRILLVILLE CONSERVANCY DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2022 through December 31, 2023

FINDING 2023-004: COMPLIANCE - RECEIPTS – SUPPORTING DOCUMENTS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Special Districts states in part, *“Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee.”*

Condition: During testing of receipts, we noted two instances, in a sample of ten, in which supporting documentation was not provided. Additionally, we noted two instances in which the receipt type was misstated as a check receipt on the District’s receipt form. The cash receipt support indicated it was an ACH receipt.

MERRILLVILLE CONSERVANCY DISTRICT
EXIT CONFERENCE
January 1, 2022 through December 31, 2023

The contents of this report were discussed on November 27, 2024 with Vickee Edwards, Financial Clerk; Edward Yerga, Chair of the District Board of Directors; and Brian Muller, Operations Manager.