

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

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

COMPLIANCE ENGAGEMENT REPORT  
OF  
ISLAND LEVEE CONSERVANCY DISTRICT  
SULLIVAN COUNTY, INDIANA  
January 1, 2021 to December 31, 2024



**FILED**

04/29/2025



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Compliance Report .....	3
Comment.....	4-5
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	8-9
Exit Conference.....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelly Steele	01-01-21 to 12-31-25
President of the District Board	Ed Easter Raymond Ferree	01-01-21 to 03-23-24 03-24-24 to 12-31-25



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
[www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE ISLAND LEVEE CONSERVANCY  
DISTRICT, SULLIVAN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Island Levee Conservancy District (District), for the period of January 1, 2021 to December 31, 2024. 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>.

Beth Kelley, CPA, CFE  
Deputy State Examiner

April 14, 2025

ISLAND LEVEE CONSERVANCY DISTRICT  
COMMENT

**PRESCRIBED FORMS AND ERRORS ON CLAIMS**

*Condition and Context*

Internal controls were not in place to ensure that the District complied with laws, regulations, and Guidelines. Deficiencies in the District's system of internal controls resulted in noncompliance over prescribed forms and errors on claims. None of the District's disbursements throughout the engagement period were supported by a claim or accounts payable voucher. As such, the District was also unable to provide any evidence that the fiscal officer certified that the invoices or bills were true and correct prior to payment.

*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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless . . .

ISLAND LEVEE CONSERVANCY DISTRICT  
COMMENT  
(Continued)

- (1) There is a fully itemized invoice or bill for the claim.
- (2) The invoice or bill is approved by the officer or person receiving the goods and services.
- (3) The invoice or bill is filed with the governmental entity's fiscal officer.
- (4) The fiscal officer audits and certifies before payment that the invoice or bill is true and correct.
- (5) Payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Claim Forms - Numbers 99, 99P, 101 and 354

The above number claim forms are prescribed for use in supporting disbursements.

Form 99, Payroll Schedule and Voucher, shall be used for salaries and wages; Form 99P for public notice advertising; Form 101 for mileage, and Form 354 for other expenses.

All claims or accounts payable vouchers must be itemized and allowed by a majority of the members of the board before payment by the fiscal officer. Payment of invoices not supported by a duly certified claim or accounts payable voucher is not permissible. Also, claims and accounts payable vouchers are not required to support the following:

1. Payments due state or federal agencies for withholdings, social security contributions, etc., which are statutory payments supported by reports to such agencies.
2. Bonds, notes and other indebtedness, including the interest thereon, upon payment under the term of the written obligation.

After payment, the check numbers are to be entered in the space provided on the claims or accounts payable vouchers, and the claims filed numerically for future reference and audit.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 12)

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)



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

ISLAND LEVEE 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	\$ 39,276	\$ 64,999	\$ 57,413	\$ 46,862	\$ 62,417	\$ 94,459	\$ 14,820
Totals	<u>\$ 39,276</u>	<u>\$ 64,999</u>	<u>\$ 57,413</u>	<u>\$ 46,862</u>	<u>\$ 62,417</u>	<u>\$ 94,459</u>	<u>\$ 14,820</u>

ISLAND LEVEE CONSERVANCY DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2023 and 2024

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23	Receipts	Disbursements	Cash and Investments 12-31-24
General Fund	\$ 14,821	\$ 77,282	\$ 35,062	\$ 57,041	\$ 94,801	\$ 72,992	\$ 78,850
Totals	<u>\$ 14,821</u>	<u>\$ 77,282</u>	<u>\$ 35,062</u>	<u>\$ 57,041</u>	<u>\$ 94,801</u>	<u>\$ 72,992</u>	<u>\$ 78,850</u>

ISLAND LEVEE CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were communicated to Kelly Steele, Treasurer, and Rudy Nichols, District Board member, on April 21, 2025.