

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

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BEN DAVIS CONSERVANCY DISTRICT

MARION COUNTY, INDIANA

January 1, 2023 to December 31, 2024



FILED

05/28/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Secretary/Finance Officer	Angela Wirth	01-01-23 to 12-31-25
Chair of the District Board	Fred Buckingham	01-01-23 to 12-31-25



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TO: THE OFFICIALS OF THE BEN DAVIS CONSERVANCY DISTRICT, MARION COUNTY, INDIANA

This report is supplemental to the audit report of the Ben Davis Conservancy District (District), for the period from January 1, 2023 to December 31, 2024. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the District. It should be read in conjunction with the Financial Statement Audit Report of the District, which provides our opinions on the District's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

May 7, 2025

BEN DAVIS CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in noncompliance over:

- Internal Controls over Financial Transactions and Reporting
- Annual Financial Reports
- Bank Account Reconciliations
- Overdrawn Cash Balances

These internal control deficiencies are further detailed in the comments below.

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. . . ."

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The District had not established an adequate system of internal controls related to financial transactions and reporting. Internal controls were not in place for the following audit areas.

Financial Closing and Reporting

The District had not established internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the District's Annual Financial Report (AFR) and financial statement.

BEN DAVIS CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

The Fiscal Officer prepared, entered, and submitted the financial information for the AFR without an oversight or review by another person to ensure the accuracy and completeness of the information submitted.

Cash and Investments

The District had established internal controls over bank reconciliements; however, the internal controls were not effective in detecting and preventing errors. Bank reconciliements were not completed in 2024 for the Trust Indiana or the Bank of New York bank accounts.

Due to the lack of internal controls, the December 2024 monthly reconciliation had a variance of \$89,117.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ANNUAL FINANCIAL REPORTS

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The District had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors.

Financial Data

Bank to bank transfers were included in transactions reported for the General Fund, which resulted in an overstatement of the General Fund receipts and disbursements in 2023 and 2024, of \$1,542,515 and \$250,000, respectively.

Adjustments were proposed, accepted by the District, and made to the financial statement and the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the District.

Debt

- The District included a bond anticipation loan that had been repaid, resulting in an overstatement of the ending principal balance of \$1,000,000.

BEN DAVIS CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

- The Collection System Construction/Revitalization Revenue Bonds ending principal balance was understated by \$950,000.
- The SRF loan was reported at the full loan amount, but it was not fully expended at December 31, 2024, resulting in an overstatement of the ending principal balance of \$3,898,506.
- Principal due within one year was not reported for the Collection System Construction/Revitalization Revenue Bonds, resulting in an understatement of \$60,000.
- Principal due within one year for the SRF loan was overstated by \$4,000.

Audit adjustments were proposed, accepted by the District, and made to the Schedule of Leases and Debt presented as Other Information included in the Financial Statement Audit Report of the District.

Capital Assets

Amounts reported in the AFR for the value of the capital assets owned by the District did not agree to the details for capital assets provided.

The District elected not to present the Schedule of Capital Assets as part of the Other Information in the Financial Statement Audit Report of the District.

Accounts Payable and Accounts Receivable

The District provided supporting documentation for the accounts receivable amounts reported, but it did not agree to what was reported in the AFR.

The District elected not to present the Schedule of Payables and Receivables as part of the Other Information in the Financial Statement Audit Report of the District.

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 as set forth in the uniform compliance guidelines. 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](#)."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the December 2024 monthly reconciliation showed a variance of \$89,117.

Additionally, the District did not reconcile its investment accounts through the Trust Indiana or its Bank of New York trust accounts in 2024.

BEN DAVIS CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

OVERDRAWN CASH BALANCES

A similar comment also appeared in prior Report 80975S.

Condition and Context

The Payroll fund had overdrawn cash balances of \$3,928 and \$6,913 at December 31, 2023, and December 31, 2024, respectively.

Criteria

The cash balance of any fund may not be reduced to below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

BEN DAVIS CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2025, with Angela Wirth, Secretary/Finance Officer, and Fred Buckingham, Chair of the District Board.