

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NEW ALBANY FLOOD CONTROL DISTRICT

FLOYD COUNTY, INDIANA

January 1, 2010 to December 31, 2016



FILED
07/13/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Secretary	Kelly J. Welsh	01-01-10 to 03-12-12
Executive Director	Christopher J. Gardner	03-13-12 to 12-31-18
Treasurer	Linda L. Berger Mark McCormick	01-01-10 to 03-05-12 03-06-12 to 12-31-18
President of the District Board	Matthew Dennison Warren V. Nash	01-01-10 to 03-05-12 03-06-12 to 12-31-18



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AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NEW ALBANY FLOOD CONTROL DISTRICT, FLOYD COUNTY, INDIANA

This report is supplemental to our examination report of the New Albany Flood Control District (District), for the period from January 1, 2010 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statements Examination Report of the District, which provides our 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 performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

April 11, 2018

NEW ALBANY FLOOD CONTROL DISTRICT
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

The same comment also appeared in prior Report B38633.

Penalties and interest were assessed upon and paid by the District during the examination period. For the period subsequent to the exit conference for Report B38633, the District paid penalties and interest totaling \$2,979.37 for failing to properly file Employer's Quarterly Federal Tax Return (Internal Revenue Service (IRS) Form 941); and the late remittance of payroll withholding taxes. The amounts assessed by and paid to the IRS were as follows:

<u>Year</u>	<u>Penalties Assessed and Paid</u>	<u>Interest Assessed and Paid</u>	<u>Total</u>
2011	<u>\$ 2,909.22</u>	<u>\$ 70.15</u>	<u>\$ 2,979.37</u>

Kelly J. Welsh (Welsh), former Executive Secretary, was responsible for filing remittance reports and for making timely remittances of taxes related to penalties and interest that were assessed and paid to the IRS.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems, which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner, which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

We requested that Welsh reimburse the \$2,979.37 for penalties and interest paid to the IRS. (See Summary of Charges, page 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The same comment also appeared in prior Report B38633.

The District did not comply with directives of the IRS by failing to properly and/or timely remit payroll withholding taxes and required reports during 2010 and 2011.

NEW ALBANY FLOOD CONTROL DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

OFFICIAL BONDS

The District obtained Public Officials' Bonds as follows:

Kelly J. Welsh, former Executive Secretary:

Surety Company	Term	Amount
Ohio Casualty Insurance Company	March 1, 2008 to Indefinite	\$ 10,000

Linda L. Berger, former Treasurer:

Surety Company	Term	Amount
Pekin Insurance Company	January 1, 2009 to December 31, 2012	\$ 10,000

Indiana Code 36-9-29-9(c) states: "The executive secretary may be required to furnish bond in the amount the flood control board finds necessary. The cost of the bond may be borne by the district"

Indiana Code 36-9-29-14(b) states: "The county treasurer shall give bond in the amount and with the surety prescribed by the flood control board. The cost of the bond shall be paid out of the revenues of the district."

NEW ALBANY FLOOD CONTROL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2018, with Christopher J. Gardner, Executive Director; Warren V. Nash, President of the District Board; and Cheryl Bailey, Board Secretary.

We contacted Kelly J. Welsh, former Executive Secretary, on April 24, 2017, by phone to discuss scheduling an Exit Conference for the purpose of discussing the contents of this report. Kelly J. Welsh indicated she would call back to schedule a date and time. However, when she had not called back, we phoned her again on May 14, 2018, and left a voicemail message. As of May 19, 2018, we have not received any further response from Kelly J. Welsh.

NEW ALBANY FLOOD CONTROL DISTRICT
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Kelly J. Welsh, former Executive Secretary: Penalties, Interest, and Other Charges, page 4	<u>\$ 2,979.37</u>	<u>\$ -</u>	<u>\$ 2,979.37</u>

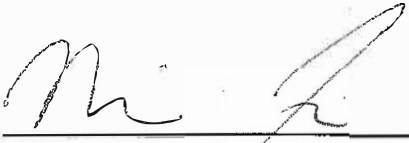
This report was forwarded to the Office of the Attorney General.

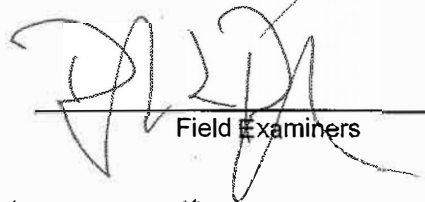
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AFFIDAVIT

STATE OF INDIANA)
Scott COUNTY)

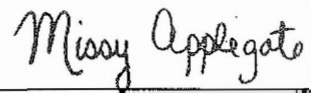
We, Brandon L. Brough and Mitchell A. Fields, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the New Albany Flood Control District, Floyd County, Indiana, for the period from January 1, 2010 to December 31, 2016, is true and correct to the best of our knowledge and belief.





Field Examiners

Subscribed and sworn to before me this 30 day of May, 2018



Clerk of the Circuit Court