

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

GREENFIELD-BAYOU LEVEE AND DITCH
CONSERVANCY DISTRICT
VIGO COUNTY, INDIANA

January 1, 2012 to December 31, 2017



FILED
12/14/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Dennis R. Harlan	01-01-12 to 12-31-18
President of the District Board	Fred Wilson, Jr.	01-01-12 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE GREENFIELD-BAYOU LEVEE AND DITCH
CONSERVANCY DISTRICT, VIGO COUNTY, INDIANA

This report is supplemental to our audit report of the Greenfield-Bayou Levee and Ditch Conservancy District (District), for the period from January 1, 2012 to December 31, 2017. 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 our Financial Statements Audit 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 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.

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

November 1, 2018

GREENFIELD-BAYOU LEVEE AND DITCH CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

There were deficiencies in the internal control system for the District related to all areas of the financial statements. The failure to establish and maintain internal controls could enable material misstatements or irregularities to remain undetected.

The Bookkeeper performed all functions of the financial activity for the District. The Bookkeeper reconciled the bank account, posted receipts, wrote checks, and input data into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Reports and financial statements. There was no evidence of an internal control system, such as an oversight, review, or approval process.

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. . . ."

GREENFIELD-BAYOU LEVEE AND DITCH CONSERVANCY DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

The same comment also appeared in prior Report B41926.

The District did not keep a record of assets that were maintained and held in the District's name.

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. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

APPROPRIATIONS

The same comment also appeared in prior report B41926.

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Fund	2012	\$ 51,544
General Fund	2013	62,953
General Fund	2017	19,188

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

GREENFIELD-BAYOU LEVEE AND DITCH CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2018, with Fred Wilson, Jr., President of the District Board; Dennis R. Harlan, Financial Clerk; and Jan Came, Bookkeeper.