



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B51971

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 28, 2019

Board of Directors
Hamilton Lake Conservancy District
P.O. Box 331
Hamilton, IN 46742

This report is supplemental to the audit report of the Hamilton Lake Conservancy District (District), for the period from January 1, 2013 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination 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 Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Hamilton Lake Conservancy District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2013 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains four Examination Findings and Results.

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

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

**COMPLIANCE EXAMINATION OF
HAMILTON LAKE CONSERVANCY DISTRICT**

Steuben County, Indiana
January 1, 2013 to December 31, 2017

HAMILTON LAKE CONSERVANCY DISTRICT

Steuben County, Indiana
January 1, 2013 to December 31, 2017

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2018-001: BANK ACCOUNT RECONCILIATION REVIEW	3
2018-002: APPROVAL OF DISBURSEMENTS	3
2018-003: MATERIALITY THRESHOLD	3
2018-004: MINIMUM LEVEL OF INTERNAL CONTROLS	3
EXIT CONFERENCE	4

HAMILTON LAKE CONSERVANCY DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2013 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Peter J. Crowl	01-01-13 to 12-31-17
Financial Clerk	Cynthia S. Oberlin Brittany K. Bacon	01-01-13 to 02-28-17 03-01-17 to 12-31-17
President of the Board	Lloyd J. Bartels	01-01-13 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Hamilton Lake Conservancy District

We have examined Hamilton Lake Conservancy District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2013 to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit'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 Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit 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.

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

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2013 to December 31, 2017, as described in items 2018-001, 2018-002, 2018-003, and 2018-004 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2013 to December 31, 2017.


Crowe LLP

Indianapolis, Indiana
December 20, 2018

HAMILTON LAKE CONSERVANCY DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2013 to December 31, 2017

FINDING 2018-001: BANK ACCOUNT RECONCILIATION REVIEW

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."*

Condition: During testing, we noted no formal, documented review of bank account reconciliations. The reconciliations are informally reviewed by the Board monthly but there is no documented process of this.

FINDING 2018-002: APPROVAL OF DISBURSEMENTS

Criteria: 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: (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; and (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. . . ."

Condition: During testing of disbursements, we noted that the Board does not approve disbursements until the month after the disbursement has already been made. The Board receives the invoices at each monthly meeting that were paid in the previous month, reviews, and signs to approve.

FINDING 2018-003: MATERIALITY THRESHOLD

Criteria: SBOA State Examiner Directive 2015-6 requires political subdivisions to develop a materiality threshold policy approved through ordinance or resolution and policies and procedures to administer and report.

Condition: During testing, we noted management had not approved a materiality threshold as of the final year end under audit.

FINDING 2018-004: MINIMUM LEVEL OF INTERNAL CONTROLS

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 Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

HAMILTON LAKE CONSERVANCY DISTRICT
EXIT CONFERENCE
January 1, 2013 to December 31, 2017

The contents of this report were discussed on December 20, 2018, with Brittany Bacon, Financial Clerk, and Lloyd Bartels, President of the Board. The officials acknowledged the findings.