



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

November 23, 2021

To: The Officials of the Lake Lemon Conservancy District
Lake Lemon Conservancy District
7599 N. Tunnel Rd.
Unionville, IN 47468

This report is supplemental to the audit report of the Lake Lemon Conservancy District (Conservancy District), for the period from January 1, 2019 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the Conservancy District. It should be read in conjunction with the financial statement audit report of the Conservancy District, which provides an opinion on the Conservancy 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 Conservancy 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 call your attention to the findings included in the report. Page 3 contains two Examination Findings and Results.

We have reviewed the Supplemental Audit Report for Lake Lemon Conservancy District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2019 to December 31, 2020. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**COMPLIANCE EXAMINATION OF
LAKE LEMON CONSERVANCY DISTRICT**

Monroe County, Indiana
January 1, 2019 to December 31, 2020

LAKE LEMON CONSERVANCY DISTRICT

Madison County, Indiana
January 1, 2019 to December 31, 2020

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2020-001: MINIMUM INTERNAL CONTROL STANDARDS	3
2020-002: COMPENSATION AND BENEFITS	3
EXIT CONFERENCE	4

LAKE LEMON CONSERVANCY DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2019 to December 31, 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
District Manager	Adam Casey	01-01-19 to 12-31-20
Treasurer	Michael Blackwell	01-01-19 to 12-31-20
Chairperson of the District Board	Pam Dugan	01-01-19 to 12-31-20

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined Lake Lemon Conservancy District's ("District") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2019 to December 31, 2020. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District'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 District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District 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 District's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the District during the period January 1, 2019 to December 31, 2020, as described in items 2020-001 and 2020-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the District complied, in all material respects, with the aforementioned requirements during the period January 1, 2019 to December 31, 2020.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
November 19, 2021

LAKE LEMON CONSERVANCY DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2019 to December 31, 2020

FINDING 2020-001: MINIMUM INTERNAL CONTROL STANDARDS

Criteria:

Indiana Code 5-11-1-27 requires each political subdivision to maintain a system of internal control to promote government accountability and transparency. As a result, the State Board of Accounts has developed the Uniform Internal Control Standards for Indiana Political Subdivisions (Standards), which provides a basis of common understanding to assist public sector managers in this effort. This manual defines what an internal control system is and against what standards your system is measured when evaluated for sufficient controls.

The Standard's Introduction section (page 4) states that "Documentation is a necessary part of effective internal control. Documentation relates internal control procedures to the missions and objectives of the unit, solidifies expectations, and provides an effective way to communicate the process. Management uses judgment in determining the extent of documentation needed. However, SBOA recommends the minimum documentation requirements found in the "Green Book." Part One of the Standards identifies the minimum level of internal control standards.

Condition: During testing, we noted the District did not have written documentation of internal control activities in place to meet the minimum level of internal control standards identified in Part One of the Standards.

FINDING 2020-002: COMPENSATION AND BENEFITS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, *"All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements."*

Condition: During testing of payroll expenditures, we noted that hourly rate employees did not have formally documented pay rates.

We randomly sampled 10 employees that included both salaried (3) and hourly pay rates (7). The seven hourly employees pay rate was not supported by a salary ordinance, resolution, or salary schedule adopted by the governing body. The District is able to provide the job descriptions for the hourly employees which show the starting rate, but the job descriptions are not formally approved. The District was unable to provide approved support for the hourly employees pay raises.

We did note the three salaried employees selected agreed to a formally documented pay rate without error.

LAKE LEMON CONSERVANCY DISTRICT
EXIT CONFERENCE
January 1, 2019 to December 31, 2020

The contents of this report were discussed on November 2, 2021, with Debi Ladyman, Treasurer, and Pam Dugan, Chairperson of the District Board, and Mary Jane Brown, Board Member.