



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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March 2, 2023

TO: THE OFFICIALS OF THE EVANSVILLE-VANDERBURGH COUNTY  
BUILDING AUTHORITY, VANDERBURGH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Evansville-Vanderburgh County Building Authority (Building Authority), for the period of January 1, 2018 to December 31, 2021, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Building Authority's Annual Financial Reports filed by management, can be found on the Gateway Website: [www.gateway.ifionline.org](http://www.gateway.ifionline.org).

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instance of noncompliance; therefore, noncompliance may exist that is unidentified.

**Comments**

**INTERNAL CONTROLS**

A similar comment also appeared in prior Report B52174, entitled *MISSTATEMENT OF CASH*.

*Condition and Context*

There were deficiencies in the internal control system of the Building Authority related to financial transactions and reporting. The Building Authority had not established an effective internal control system related to Financial Close and Reporting and Cash and Investments.

*Financial Close and Reporting*

The Building Authority entered the financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report. However, the original upload required multiple material revisions. An additional error was noted during the engagement that resulted in the receipts and the ending cash and investment balance of the Current Fund to be overstated by \$250,000. Internal controls over financial close and reporting were not effective to ensure adequate reporting.

An adjustment was proposed, accepted by the Building Authority, and made to the cash and investment balance reported as of December 31, 2021.

#### *Cash and Investments*

The Building Authority performed monthly bank reconciliations of some funds; however, an overall reconciliation of all depositories and investments to the Building Authority's subsidiary ledger balances was not being performed. Internal controls were not in place to ensure that all funds were being reconciled and reported accurately.

#### *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. . . ."

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 not later than sixty (60) days after the close of each fiscal year. 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*

The Building Authority did not perform a combined bank reconciliation of all funds. A combined bank reconciliation was prepared during the engagement which indicated the following variances between the reconciled cash and investment balances and the reported Cash and Investment balances in the Annual Financial Report (AFR).

Years	Cash and Investment Balance per Combined Reconciliation	Cash and Investment Balance per AFR	Variance
2018	\$ 7,512,390	\$ 7,524,110	\$ (11,720)
2019	7,430,106	7,444,342	(14,236)
2020	8,051,884	8,038,081	13,803
2021	6,932,974	6,889,956	43,018

*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)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT  
BALANCES - REGULATORY BASIS  
As of December 31, 2021

Fund	Cash and Investments 12-31-21
Capital & Debt Service Fund	\$ 113,605
Current Fund	1,257,290
Depreciation Reserve Fund	5,378,059
Restricted	<u>141,002</u>
Total	<u>\$ 6,889,956</u>

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

The contents of this report were communicated to David Rector, Director; Kathy Braunecker, Finance/HR Generalist; and Eric R. Williams, Treasurer, on February 16, 2023.

Respectfully,

Beth Kelley, CPA, CFE  
Deputy State Examiner

# EVANSVILLE-VANDERBURGH COUNTY BUILDING AUTHORITY



## DIRECTORS

John W. Stanley, *President*  
Joseph T. Theby, *Vice-President*  
Stephen Titzer, *Secretary*  
Eric R. Williams, *Treasurer*  
Russell A. Redmon, *Member*

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W. David Rector, *General Manager*

## TRUSTEES

Jack McNeely, *President*  
Brandon Boots, *Vice-President*  
Daniel Tuley, *Secretary*  
Marsha Abell, *Member*  
Brad Ellsworth, *Member*

February 23, 2023

"OFFICIAL RESPONSE"

State Board of Accounts  
302 West Washington Street, Room E 418  
Indianapolis, IN 46204-2765

To whom it may concern:

We are providing this letter in response to the results and comments stated in the Exit Conference Report written after the compliance audit on the Evansville-Vanderburgh County Building Authority (EVCBA) for the years 2018, 2019, 2020 and 2021.

In response to the Bank Account Reconciliations, the EVCBA follows Indiana Code 5-13-6-1 by reconciling funds monthly with the bank statements; furthermore, documentation is uploaded to the Indiana Gateway for Government Units monthly in the form of monthly bank statements and corresponding bank reconciliations which are always in agreement as required by said code.

In response to the Internal Controls section Financial Close and Reporting, the overstatement of the Current Fund was due to budgeted income due from the City of Evansville which was never paid to EVCBA and adjusted as such.

In response to the Internal Controls section Cash and Investments, the EVCBA does perform monthly bank reconciliations of all funds and uploads the reconciliations and corresponding bank statements to the Indiana Gateway for Government Units system on a monthly basis. In addition, on a monthly basis, Harding Shymanski & Company, P.S.C. reviews the reconciliations of all depositories and investments. All cash and investments accounts are reconciled monthly by EVCBA and reviewed by an outside firm, Harding Shymanski & Company, P.S.C.

We appreciate the time you have taken to audit our financial statements as well as your consideration in our responses to your findings.

Sincerely,

A handwritten signature in black ink that reads "W. David Rector".

W. David Rector