



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

April 13, 2023

TO: THE OFFICIALS OF THE HONEY CREEK-VIGO CONSERVANCY
DISTRICT, VIGO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Honey Creek-Vigo Conservancy District (District), Vigo County, 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 District's Annual Financial Reports filed by management can be found on the Gateway Website: 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 instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

This same comment appeared in a Management Letter addressed to the Financial Clerk and Board of the District and also in prior Reports B38546 and B42000.

Condition and Context

District Board members received \$500 each in 2018 and \$350 each in 2019, 2020, and 2021. However, federal and state taxes were not withheld, and a W-2 Statement of Earnings was not issued.

Criteria

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)

COMPENSATION AND BENEFITS

This same comment appeared in a Management Letter addressed to the Financial Clerk and Board of the District.

Condition and Context

Members of the Board of Directors were paid annual compensation of \$500 in 2018 and \$350 in 2019, 2020, and 2021. They were not paid in accordance with state statute, which provides for payment for each meeting attended and each additional day worked on District business.

Criteria

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

Indiana Code 14-33-5-16 states:

"(a) Except as provided in subsection (b), upon approval of the initial district plan, the directors are entitled to compensation in an amount that the court orders, but not to exceed:

- (1) one hundred dollars (\$100) for not more than two (2) regular or specially called board meetings per month; and
- (2) fifty dollars (\$50) for not more than five (5) days per month devoted to the work of the district in addition to any day for which payment is received under subdivision (1). In addition, the directors shall be reimbursed for actual expenses, including traveling expense at a rate equal to the rate paid to state officers and employees. Claims for expense reimbursement must be accompanied by an itemized written statement approved by a recorded motion of the board.

(b) At any time after all directors have been elected to the board, the directors may receive an increase in compensation up to a reasonable amount that is:

- (1) approved by a majority vote of the board of directors; and
- (2) authorized by a court order.

(c) An increase in compensation authorized under subsection (b) may not be based upon an increase of any tax, assessment, rates, or charges by the district.

(d) In addition to any compensation the directors may receive under subsection (b), the directors shall be reimbursed for actual expenses, including traveling expenses, at a rate equal to the rate paid to state officers and employees. Claims for expense reimbursement must be accompanied by an itemized written statement approved by a recorded motion of the board of directors."

ERRORS ON CLAIMS

The same comment also appeared in prior Report B51561.

Condition and Context

Five of ten accounts payable vouchers (APV) tested were not approved by the fiscal officer or the governing District Board prior to the payment made.

One of ten accounts payable vouchers tested did not have supporting documentation.

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. . . ."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, approved Board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The District did not comply with the State Examiner Directive and failed to upload a portion of the monthly and annual files on the Indiana Gateway for Government Units financial reporting system for 2018-2019.

Criteria

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)

Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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
For the Year Ended December 31, 2021

Fund	Cash and Investments 12-31-21
General Fund	<u>\$ 493,252</u>

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

The contents of this report were communicated to Jane A. Hadley, Financial Clerk; Parker Manning, District Board member; and Craig McKee, Attorney, on March 30, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner