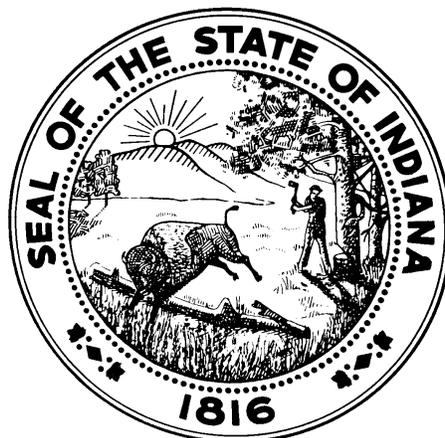


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF

LITTLE CALUMET RIVER BASIN
DEVELOPMENT COMMISSION
PORTER COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
06/04/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Dan Gardner	01-01-06 to 12-31-08
Treasurer	Arlene Colvin Kent Gurley	01-01-06 to 12-31-06 01-01-07 to 12-31-08
Chairman of the Board	William Biller	01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE LITTLE CALUMET RIVER BASIN
DEVELOPMENT COMMISSION, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of the Little Calumet River Basin Development Commission (Commission), for the period of January 1, 2006 to December 31, 2007. The Commission's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Commission for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

May 7, 2008

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 480,654	\$ 755,576	\$ 975,582	\$ 260,648
Construction	183,752	1,834,956	2,013,877	4,831
Design	92	-	92	-
Lake Erie Land	2,717	-	2,717	-
Interest	20,282	19,665	18,633	21,314
Debt Service	83	-	83	-
Debt Service Reserve (Marina Sand)	133,721	-	45,720	88,001
Burr Street Phase II	-	639,119	196,389	442,730
Land Acquisition	149,769	1,390,840	1,360,584	180,025
	<u>\$ 971,070</u>	<u>\$ 4,640,156</u>	<u>\$ 4,613,677</u>	<u>\$ 997,549</u>
Totals				

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 260,648	\$ 667,871	\$ 809,130	\$ 119,389
Construction	4,831	813,576	4,418	813,989
Interest	21,314	9,349	25,720	4,943
Debt Service Reserve (Marina Sand)	88,001	-	41,493	46,508
Burr Street Phase II	442,730	5,654	448,384	-
Land Acquisition	180,025	1,743,311	1,731,032	192,304
	<u>\$ 997,549</u>	<u>\$ 3,239,761</u>	<u>\$ 3,060,177</u>	<u>\$ 1,177,133</u>
Totals				

The accompanying notes are an integral part of the financial information.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Commission was established under the laws of the State of Indiana (IC 14-13-2). The Commission provides for the creation, development, maintenance, administration and operation of the park, recreation, marina, flood control and other public works projects within the Little Calumet River Basin. The Commission operates under an appointed governing board.

Note 2. Fund Accounting

The Commission uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Commission to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Long Term Debt

The revenue bond debt, for marina construction, which was entered into on October 1, 1996, was transferred to the Town of Portage.

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The Commission does not have a control ledger listing all fund activity (receipts, disbursements, and balances). A control ledger should be reconciled to the total of all bank accounts in the Commission's trust. Ledger pages are loose and not well organized. Outstanding check lists do not indicate the date of the check or the check number. The Bookkeeper prepares a "Statement of Receipts and Disbursements - All Funds" report for internal purposes. This report does not include all funds. The Construction Escrow, Design, Marina Sands, and Burr Street Phase II Funds are not listed on this report. Hence, reconciling all bank accounts to all funds in total is a cumbersome process.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts State of Indiana, Chapter 10)

RECEIPTS NOT WRITTEN

The accountant did not write receipts for all deposited items. Receipts were not written for direct deposits from the state, for transfers from the saving funds (Construction and O&M) to the General Fund and for transfers from the Burr Street Phase II Fund to the General Fund. Counter/cashier checks are obtained by Officials to withdraw funds from the savings accounts. These withdrawals are then deposited into the checking account. Receipts are not written at the time of transfer.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Special Districts State of Indiana, Chapter 10)

LITTLE CALUMET RIVER BASIN DEVELOPMENT COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2008, with Dan Gardner, Executive Director; Sandy Mordus, Business Coordinator; and Judy Penn, Accountant for Partner Agencies. The official response has been made a part of this report and may be found on page 8.



Little Calumet River Basin Development Commission

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WILLIAM BILLER, Chairman
Governor's Appointment

May 16, 2008

ROBERT MARSZALEK, Vice Chairman
Governor's Appointment

State Board of Accounts:

R. KENT GURLEY, Treasurer
Lake County Commissioners'
Appointment

MARK GORDISH, Secretary
Mayor of Hammond's
Appointment

ARLENE COLVIN
Mayor of Gary's
Appointment

STEVE DAVIS
Dept. of Natural Resources'
Appointment

ROBERT HUFFMAN
Governor's Appointment

JOHN MROCZKOWSKI
Governor's Appointment

VACANCY
Porter County Commissioners'
Appointment

VACANCY
Governor's Appointment

VACANCY
Governor's Appointment

DAN GARDNER
Executive Director

LOU CASALE
Attorney

Audit Comment #1

The Commission does not have a control ledger listing all fund activity (receipts, disbursements, and balances). A control ledge should be reconciled to the total of all bank accounts in the commission's trust. Ledger pages are loose and not well organized. Outstanding check lists do not indicate the date of the check or the check number. The bookkeeper prepares a "Statement of Receipts and Disbursements - All Funds" report for internal purposes. This report does not include all funds. The Construction Escrow, Design, Marina Sands, and Burr Street Phase II funds are not listed on this report. Hence, reconciling all bank accounts to all funds in total is a cumbersome process.

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Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

LCRBDC Comment: The Commission staff will establish a single control ledger listing all fund activities and keep accounts current. The Commission will explore both manual as well as computerized record keeping addressing this in the future.

Audit Comment #2

The accountant did not write receipts for all deposited items. Receipts were not written for direct deposits from the state, for transfers from the saving funds to the General fund and for transfers from the Burr Street Phase II fund to the General fund. Counter/cashier checks are obtained by officials to withdraw funds from the savings accounts. These withdrawals are then deposited into the checking account. Receipts are not written at the time of transfer.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment.

LCRBDC Comment: We will make sure that all deposits will be recorded with a receipt.


Dan Gardner, Executive Director
Little Calumet River Basin
Development Commission