

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

SOUTH COAST CONSERVANCY DISTRICT

LAPORTE COUNTY, INDIANA

October 20, 2005 to December 31, 2010



FILED
11/09/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6
Notes to Financial Statement.....	7-10
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	12-17
Schedule of Capital Assets.....	18
Schedule of Long-Term Debt	19
Examination Results and Comments:	
Board Minutes.....	20
Official Bond	20
Errors on Claims	20-21
Supporting Documentation	21
Exit Conference.....	22

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Douglas L. Biege	10-20-05 to 08-16-06
	Katherine L. Kostantios	08-17-06 to 02-28-07
	Phillip Jankowski	03-01-07 to 12-31-10
	Brock E. Martin	01-01-11 to 12-31-11
Chairman of the Board of Directors	William Back	10-20-05 to 11-18-09
	Stephen R. Turner	11-19-09 to 12-31-11



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTH COAST CONSERVANCY
DISTRICT, LAPORTE COUNTY, INDIANA

We have examined the financial statement of the South Coast Conservancy District (District), for the period of October 20, 2005 to December 31, 2010. The District's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the District for the periods ended December 31, 2005, 2006, 2007, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management, the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 21, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the District. The financial statement and notes are presented as intended by the District.

SOUTH COAST CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
As Of And For The Periods Ended December 31, 2005, 2006, 2007, 2008, 2009, And 2010

	Cash and Investments 10-20-05	Receipts	Disbursements	Cash and Investments 12-31-05
Operating	\$ -	\$ 550,000	\$ 535,000	\$ 15,000
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Operating	\$ 15,000	\$ 148,297	\$ 96,908	\$ 66,389
Debt Service	-	216,894	-	216,894
Bond Construction	-	7,858,569	6,939,479	919,090
Bond Reserve	-	412,932	-	412,932
Totals	<u>\$ 15,000</u>	<u>\$ 8,636,692</u>	<u>\$ 7,036,387</u>	<u>\$ 1,615,305</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Operating	\$ 66,389	\$ 792,473	\$ 828,912	\$ 29,950
Debt Service	216,894	229	-	217,123
Bond Construction	919,090	25,252	944,032	310
Bond Reserve	412,932	20,093	216,863	216,162
Totals	<u>\$ 1,615,305</u>	<u>\$ 838,047</u>	<u>\$ 1,989,807</u>	<u>\$ 463,545</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Operating	\$ 29,950	\$ 1,374,143	\$ 1,027,844	\$ 376,249
Debt Service	217,123	433,834	433,725	217,232
Bond Construction	310	5	-	315
Bond Reserve	216,162	5,497	-	221,659
Totals	<u>\$ 463,545</u>	<u>\$ 1,813,479</u>	<u>\$ 1,461,569</u>	<u>\$ 815,455</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Operating	\$ 376,249	\$ 662,649	\$ 588,580	\$ 450,318
Debt Service	217,232	216,924	216,863	217,293
Bond Construction	315	1	-	316
Bond Reserve	221,659	582	216,862	5,379
Totals	<u>\$ 815,455</u>	<u>\$ 880,156</u>	<u>\$ 1,022,305</u>	<u>\$ 673,306</u>
	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Operating	\$ 450,318	\$ 902,533	\$ 910,728	\$ 442,123
Debt Service	217,293	593,730	433,725	377,298
Bond Construction	316	-	-	316
Bond Reserve	5,379	15	-	5,394
Totals	<u>\$ 673,306</u>	<u>\$ 1,496,278</u>	<u>\$ 1,344,453</u>	<u>\$ 825,131</u>

The notes to the financial statement are an integral part of this statement.

SOUTH COAST CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

SOUTH COAST CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November

SOUTH COAST CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. *Property Taxes*

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. *LaPorte County Property Taxes*

For the past four property tax years LaPorte County has been unable to establish approved assessment amounts for county-wide properties. This has caused the County to bill property tax owners based on "provisional" tax bills since the 2006 payable 2007 property tax billing year. In November 2010 LaPorte County completed an approved assessment of property values for the 2006 payable 2007 property tax year. On April 1, 2011, the County sent to tax payers a reconciling bill for the 2006 payable 2007 property tax year which was due April 21, 2011 and then subsequently settled by the County to local units of government. These delays and uncertainties have resulted in a lower than budget property tax collection rate for the County. It is undeterminable how much property tax collections the County will receive once all the reconciliation bills have been distributed and the collections received.

Note 5. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize the District 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 6. *Risk Management*

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

SOUTH COAST CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENT
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

The supplementary information presented was prepared and/or approved by management of the District. It is presented as intended by the District.

SOUTH COAST CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Period Ended December 31, 2005

	<u>Operating</u>
Cash and investments - beginning	\$ <u> -</u>
Receipts:	
Other receipts	<u> 550,000</u>
Disbursements:	
Other services and charges	59,230
Capital outlay	<u> 475,770</u>
Total disbursements	<u> 535,000</u>
Excess of receipts over disbursements	<u> 15,000</u>
Cash and investments - ending	<u> \$ 15,000</u>

SOUTH COAST CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2006

	<u>Operating</u>	<u>Debt Service</u>	<u>Bond Construction</u>	<u>Bond Reserve</u>	<u>Totals</u>
Cash and investments - beginning	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000
Receipts:					
Utility fees	148,297	-	-	-	148,297
Other receipts	<u>-</u>	<u>216,894</u>	<u>7,858,569</u>	<u>412,932</u>	<u>8,488,395</u>
Total receipts	<u>148,297</u>	<u>216,894</u>	<u>7,858,569</u>	<u>412,932</u>	<u>8,636,692</u>
Disbursements:					
Personal services	1,680	-	-	-	1,680
Supplies	185	-	-	-	185
Other services and charges	40,266	-	-	-	40,266
Debt services - principal and interest	2,968	-	75,902	-	78,870
Capital outlay	-	-	6,863,577	-	6,863,577
Utility operating expenses	51,403	-	-	-	51,403
Other disbursements	<u>406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406</u>
Total disbursements	<u>96,908</u>	<u>-</u>	<u>6,939,479</u>	<u>-</u>	<u>7,036,387</u>
Excess of receipts over disbursements	<u>51,389</u>	<u>216,894</u>	<u>919,090</u>	<u>412,932</u>	<u>1,600,305</u>
Cash and investments - ending	<u>\$ 66,389</u>	<u>\$ 216,894</u>	<u>\$ 919,090</u>	<u>\$ 412,932</u>	<u>\$ 1,615,305</u>

SOUTH COAST CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2007

	<u>Operating</u>	<u>Debt Service</u>	<u>Bond Construction</u>	<u>Bond Reserve</u>	<u>Totals</u>
Cash and investments - beginning	\$ 66,389	\$ 216,894	\$ 919,090	\$ 412,932	\$ 1,615,305
Receipts:					
Utility fees	759,079	-	-	-	759,079
Other receipts	<u>33,394</u>	<u>229</u>	<u>25,252</u>	<u>20,093</u>	<u>78,968</u>
Total receipts	<u>792,473</u>	<u>229</u>	<u>25,252</u>	<u>20,093</u>	<u>838,047</u>
Disbursements:					
Personal services	9,750	-	-	-	9,750
Supplies	98	-	-	-	98
Other services and charges	224,986	-	-	-	224,986
Debt services - principal and interest	-	-	216,862	216,863	433,725
Capital outlay	448,109	-	727,170	-	1,175,279
Utility operating expenses	<u>145,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,969</u>
Total disbursements	<u>828,912</u>	<u>-</u>	<u>944,032</u>	<u>216,863</u>	<u>1,989,807</u>
Excess (deficiency) of receipts over disbursements	<u>(36,439)</u>	<u>229</u>	<u>(918,780)</u>	<u>(196,770)</u>	<u>(1,151,760)</u>
Cash and investments - ending	<u>\$ 29,950</u>	<u>\$ 217,123</u>	<u>\$ 310</u>	<u>\$ 216,162</u>	<u>\$ 463,545</u>

SOUTH COAST CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008

	Operating	Debt Service	Bond Construction	Bond Reserve	Totals
Cash and investments - beginning	\$ 29,950	\$ 217,123	\$ 310	\$ 216,162	\$ 463,545
Receipts:					
Taxes	472,474	-	-	-	472,474
Utility fees	401,863	-	-	-	401,863
Other receipts	499,806	433,834	5	5,497	939,142
Total receipts	<u>1,374,143</u>	<u>433,834</u>	<u>5</u>	<u>5,497</u>	<u>1,813,479</u>
Disbursements:					
Personal services	20,800	-	-	-	20,800
Supplies	162	-	-	-	162
Other services and charges	232,867	-	-	-	232,867
Debt services - principal and interest	12,339	433,725	-	-	446,064
Capital outlay	86,480	-	-	-	86,480
Utility operating expenses	241,007	-	-	-	241,007
Other disbursements	434,189	-	-	-	434,189
Total disbursements	<u>1,027,844</u>	<u>433,725</u>	<u>-</u>	<u>-</u>	<u>1,461,569</u>
Excess of receipts over disbursements	<u>346,299</u>	<u>109</u>	<u>5</u>	<u>5,497</u>	<u>351,910</u>
Cash and investments - ending	<u>\$ 376,249</u>	<u>\$ 217,232</u>	<u>\$ 315</u>	<u>\$ 221,659</u>	<u>\$ 815,455</u>

SOUTH COAST CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	<u>Operating</u>	<u>Debt Service</u>	<u>Bond Construction</u>	<u>Bond Reserve</u>	<u>Totals</u>
Cash and investments - beginning	\$ 376,249	\$ 217,232	\$ 315	\$ 221,659	\$ 815,455
Receipts:					
Taxes	248,833	-	-	-	248,833
Utility fees	410,576	-	-	-	410,576
Other receipts	3,240	216,924	1	582	220,747
Total receipts	<u>662,649</u>	<u>216,924</u>	<u>1</u>	<u>582</u>	<u>880,156</u>
Disbursements:					
Personal services	17,950	-	-	-	17,950
Supplies	743	-	-	-	743
Other services and charges	144,637	-	-	-	144,637
Debt services - principal and interest	26,188	216,863	-	216,862	459,913
Utility operating expenses	180,756	-	-	-	180,756
Other disbursements	218,306	-	-	-	218,306
Total disbursements	<u>588,580</u>	<u>216,863</u>	<u>-</u>	<u>216,862</u>	<u>1,022,305</u>
Excess (deficiency) of receipts over disbursements	<u>74,069</u>	<u>61</u>	<u>1</u>	<u>(216,280)</u>	<u>(142,149)</u>
Cash and investments - ending	<u>\$ 450,318</u>	<u>\$ 217,293</u>	<u>\$ 316</u>	<u>\$ 5,379</u>	<u>\$ 673,306</u>

SOUTH COAST CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	<u>Operating</u>	<u>Debt Service</u>	<u>Bond Construction</u>	<u>Bond Reserve</u>	<u>Totals</u>
Cash and investments - beginning	\$ 450,318	\$ 217,293	\$ 316	\$ 5,379	\$ 673,306
Receipts:					
Taxes	478,832	-	-	-	478,832
Utility fees	419,501	-	-	-	419,501
Other receipts	4,200	593,730	-	15	597,945
Total receipts	<u>902,533</u>	<u>593,730</u>	<u>-</u>	<u>15</u>	<u>1,496,278</u>
Disbursements:					
Personal services	12,650	-	-	-	12,650
Supplies	313	-	-	-	313
Other services and charges	93,926	-	-	-	93,926
Debt services - principal and interest	24,020	433,725	-	-	457,745
Utility operating expenses	184,894	-	-	-	184,894
Other disbursements	594,925	-	-	-	594,925
Total disbursements	<u>910,728</u>	<u>433,725</u>	<u>-</u>	<u>-</u>	<u>1,344,453</u>
Excess (deficiency) of receipts over disbursements	<u>(8,195)</u>	<u>160,005</u>	<u>-</u>	<u>15</u>	<u>151,825</u>
Cash and investments - ending	<u>\$ 442,123</u>	<u>\$ 377,298</u>	<u>\$ 316</u>	<u>\$ 5,394</u>	<u>\$ 825,131</u>

SOUTH COAST CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Description of Asset	Ending Balance
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 406,054
Infrastructure	<u>8,195,052</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 8,601,106</u>

SOUTH COAST CONSERVANCY DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 Decemeber 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Bonds payable:			
General obligation bonds:			
Conservancy district bonds of 2006	\$ 8,500,000	\$ 749,725	Debt Service
Notes and loans payable:			
Line of credit*	<u>500,000</u>	<u>26,250</u>	Operating
Total debt	<u>\$ 9,000,000</u>	<u>\$ 775,975</u>	

*The line of credit maximum credit amount is \$500,000; was closed on May 7, 2009; has a current interest rate of 5.25%; and has no maturity date. The Principal and Interest Due Within One Year is only interest.

SOUTH COAST CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination. In the date range October 2004 to April 2007, 13 meetings minutes were not provided.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

OFFICIAL BOND

An official bond was not purchased for the Treasurer for the years 2007 through 2010. The current Treasurer was informed to purchase one for the year 2011 and to file it in the Office of the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

- (1) Claims were not prepared for disbursements made from the bond trust accounts.
- (2) All claims were not signed by the fiscal officer, which indicates the fiscal officer's approval.
- (3) Claims or invoices did not have evidence to support receipt of goods or services.

SOUTH COAST CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

SUPPORTING DOCUMENTATION

Several payments from the Bond funds were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SOUTH COAST CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 21, 2011, with Brock E. Martin, Financial Clerk; Stephen R. Turner, Chairman of the Board of Directors; and Phillip Jankowski, Board member. The officials concurred with our comments.