

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TWIN CREEKS CONSERVANCY DISTRICT

PORTER COUNTY, INDIANA

January 1, 2011 to December 31, 2013



FILED
05/22/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3-4
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	7
Notes to Financial Statement.....	8-10
Supplementary Information - Unaudited:	
Schedule of Payables and Receivables	12
Schedule of Capital Assets.....	13
Examination Results and Comments:	
Financial Statement Opinion	14
Condition of Records	14-17
Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) Not Filed Timely.....	17-18
Capital Assets.....	18
Exit Conference.....	19
Official Response	20-22

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Katie Kostantios Cherie Vogel	01-01-11 to 03-17-14 03-18-14 to 12-31-15
Chairman of the Board	Richard M. Motsinger	01-01-11 to 12-31-15



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 TWIN CREEKS CONSERVANCY DISTRICT, PORTER COUNTY, INDIANA

We have examined the accompanying financial statement of the Twin Creeks Conservancy District (District), for the period of January 1, 2011 to December 31, 2013. The financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on the financial statement 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 Indiana 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. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2013.


The District did not maintain any ledgers, including control or detailed ledgers, by fund, to record the financial activities of the District. The District was unable to present the financial statement by fund, therefore, the financial statement is not presented in conformity with the regulatory basis of reporting.

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the District's financial statement does not fairly present the financial position and results of operations of the District for the period of January 1, 2011 to December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts Described in Note 1.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

Our examination was conducted for the purpose of forming an opinion on the District's financial statement. The Schedule of Payables and Receivables and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The District's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the District's response and, accordingly, we express no opinion on it.


Paul D. Joyce, CPA
State Examiner

February 17, 2015

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.

(This page intentionally left blank.)

TWIN CREEKS CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011, 2012, and 2013

Fund	Cash and Investments 01-01-11 (Restated)	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
Totals	<u>\$ 1,308,802</u>	<u>\$ 199,720</u>	<u>\$ 190,083</u>	<u>\$ 1,318,439</u>	<u>\$ 182,060</u>	<u>\$ 102,851</u>	<u>\$ 1,397,648</u>	<u>\$ 228,319</u>	<u>\$ 53,748</u>	<u>\$ 1,572,219</u>

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

TWIN CREEKS 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 elected governing board.

The accompanying financial statement presents the financial information for the District.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts include 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.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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 statement. The aggregate disbursements include the following uses:

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.

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

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. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

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 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. *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 5. *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.

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the District's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the District's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

TWIN CREEKS CONSERVANCY DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ <u>7,461</u>	\$ <u>-</u>

TWIN CREEKS CONSERVANCY DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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.

	Ending Balance
Governmental activities:	
Machinery, equipment, and vehicles	\$ 1,500
Total capital assets	\$ 1,500

TWIN CREEKS CONSERVANCY DISTRICT EXAMINATION RESULTS AND COMMENTS

FINANCIAL STATEMENT OPINION

We have issued an adverse opinion to the financial statement because the former Financial Clerk did not maintain detailed ledgers recording the financial activities of the District for several years. The preliminary financial statement presented for examination could not be verified to the bank and investment account activities, or to other documents supporting the deposits and withdrawals of the bank and investment accounts.

Prior years' financial statements were presented based upon bank and investment account activities. Adjustments were proposed and accepted by the District's management and subsequently approved by the District Board to report the financial activity for the District in total, as a breakdown by fund could not be determined.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines for Special Districts, Chapter 10)

CONDITION OF RECORDS

As stated in prior Report B39342, the District did not maintain sufficient records that accurately reflect the financial activity of the District. These issues are more fully described in the following comments.

Records Not Maintained

The District did not maintain the following prescribed ledgers to record the financial activities either by manual entries or using computer software:

1. Ledger of Receipts, Disbursements and Balances (Form 358)
2. Ledger of Appropriations, Encumbrances, Disbursements, and Balances (Form 359)

The District paid \$955 and \$995, in 2011 and 2012, respectively, for the annual maintenance fee for a budget based software program.

The former Financial Clerk for the District was responsible for maintaining the ledgers to record the financial activity of the District. Since records were not maintained or presented for examination, we based the financial activity presented in the financial statement on information presented in the Board Minutes, or maintained by the District Attorney and verified to bank account activity.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Bank Reconcilements

The former Financial Clerk did not prepare monthly bank reconcilements. Any checks not having cleared the bank were simply noted on each bank statement. Using this information, we prepared cursory bank reconcilements at December 31 for each year of this examination. The cash balances reported in the preliminary (prior to any examination adjustments) financial statement at the end of each calendar year did not agree to the cursory bank reconciliation prepared by examiners as follows:

TWIN CREEKS CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

	As of <u>December 31, 2011</u>	As of <u>December 31, 2012</u>	As of <u>December 31, 2013</u>
Reconciled Bank Balances	\$ 360,942	\$ 424,787	\$ 586,802
Investments:			
Certificates of Deposit (unidentified by Fund)	900,000	900,000	900,000
Certificates of Deposit - Rainy Day Fund	<u>57,498</u>	<u>72,861</u>	<u>85,417</u>
Total Cash and Investments per bank	1,318,440	1,397,648	1,572,219
Cash and Investments per			
Preliminary Financial Statement	<u>1,674,561</u>	<u>1,745,716</u>	<u>1,922,447</u>
Differences	<u>\$ (356,121)</u>	<u>\$ (348,068)</u>	<u>\$ (350,228)</u>

The cash and investment balance of January 1, 2011, exceeded the prior period examination report ending cash and investment balance by \$357,180. Because records were not presented for examination in the prior or current period, we could not determine the accuracy of the January 1, 2011 cash and investment balances presented in the financial statement prepared by the former Financial Clerk.

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 should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Financial Statement Differences from Bank Activity

We compared the amount of receipts and disbursements reported in the District's financial statement to the District's bank account activity. The following details the differences:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Receipts per Preliminary Financial Statement	\$ 327,489	\$ 188,854	\$ 229,272
Deposits/Credits per Bank Statements			
Money Market Account	154,951	1,845	212
Checking Account	<u>44,770</u>	<u>180,215</u>	<u>228,107</u>
Total Deposits/Credits per Bank Statements	<u>199,721</u>	<u>182,060</u>	<u>228,319</u>
Difference - Receipts per Preliminary Financial Statement in Excess of Deposits	<u>\$ 127,768</u>	<u>\$ 6,794</u>	<u>\$ 953</u>

TWIN CREEKS CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Disbursements per Preliminary Financial Statement	\$ 314,778	\$ 117,699	\$ 53,750
Debits/Withdrawals per Bank Statements			
Money Market Account	72	72	72
Checking Account	<u>190,011</u>	<u>102,780</u>	<u>53,676</u>
Total Debits/Withdrawals per Bank Statements	<u>190,083</u>	<u>102,852</u>	<u>53,748</u>
Difference - Disbursements per Preliminary Financial Statement in Excess of Withdrawals	<u>\$ 124,695</u>	<u>\$ 14,847</u>	<u>\$ 2</u>

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Receipts

The only receipts issued during the examination period were for interest earned on the bank accounts. All these receipts were dated near the end of the 2013 calendar year.

Receipt 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 Manual for Special Districts, Chapter 10)

Claims or Accounts Payable Vouchers and Checks

The Accounts Payable Vouchers and checks did not identify the fund and/or account that the disbursement should be posted.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Payroll Transactions

The District Board members and the Financial Clerk received a per diem for attending Board meetings. The per diem for 2011 and 2012 was \$50 per meeting. In 2013, the per diem was increased to \$60 per meeting. Also, the Financial Clerk was compensated for maintaining the financial records at an hourly rate of \$15 for 2011 and 2012, and \$18 for 2013.

Accounts Payable Vouchers were prepared to support the payroll related disbursements; however, the meeting dates, hours, and rates of pay were not recorded on the Accounts Payable Vouchers.

In 2011 and 2012, the per diem and compensation were paid without withholding taxes. Federal Forms 1099 Miscellaneous Income were issued to report the per diem and compensation.

TWIN CREEKS CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

In 2013, the former Financial Clerk began withholding taxes on the per diem and wages. Records were not available to verify the amount of the withholdings.

Interest of \$2.14 was paid on March 1, 2014, to the Internal Revenue Service for 2013 withholding taxes not remitted, and penalties and interest of \$29.15 were paid on April 7, 2014, to the Indiana Department of Revenue for late remittance of withholding taxes due for 2013.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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, Chapter 10)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

***CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES AND COMPENSATION
OF PUBLIC EMPLOYEES (FORM 100-R) NOT FILED TIMELY***

The Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) were not filed by January 31 for any of the three years examined as follows:

<u>Report Period</u>	<u>Date Submitted</u>	<u>Days Late</u>
2011	March 15, 2012	44
2012	February 7, 2013	7
2013	February 10, 2014	10

Indiana Code 5-11-13-1(a) states:

"Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by

TWIN CREEKS CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7."

CAPITAL ASSETS

Records were not provided to support the Capital Assets reported in the District's Annual Financial Report. Our review of the minutes of the Board meetings and accounts payable vouchers indicated that the District owns land and infrastructure, which were not included in the Schedule of Capital Assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

TWIN CREEKS CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on March 3, 2015, with Cherie Vogel, Financial Clerk; Richard M. Motsinger, Chairman of the Board; Colin Bruce Steffen, District Board member; and David Hollenbeck, Attorney for the District.

The contents of this report were mailed to Katie Kostantios, former Financial Clerk, on March 4, 2015.



BLACHLY, TABOR, BOZIK & HARTMAN, LLC

March 9, 2015

Randall J. Zromkoski
Craig R. Van Schouwen
Jeffrey S. Wrage
Ethan S. Lowe

Scott R. Bozik
Angelica C. Schultis
Nathan D. Vis
Colby A. Barkes

Duane W. Hartman
David L. Hollenbeck
Kingsley G. Regnier
Patrick Lyp

Quentin A. Blachly
(1934-1997)

James S. Bozik
(1935-2012)

Glenn J. Tabor
(Retired)

Mr. Paul Joyce
State Examiner
Indiana State Board of Accounts
302 W Washington Street
Room E418
Indianapolis, IN 46204

RE: Twin Creeks Conservancy District

Dear Mr. Joyce:

I initiate this correspondence in my capacity as the attorney for the Governing Board of the Twin Creeks Conservancy District and by way of providing your agency with my client's response to the financial examination report covering the period of January 1, 2011 to December 31, 2013. Before I respond to the audit findings, I wanted to express my client's appreciation to Ms. Mary Jo Small and Ms. Michelle Janosky for their handling of what became an arduous and time consuming project. Both ladies were always constructive with their criticism and willing to provide assistance to the new financial clerk who assumed her duties on March 17, 2014.

It was during that transition to a new financial clerk that TCCD discovered there to be significant discrepancies and deficiencies in the financial books and records kept by her predecessor. The effort to resolve the deficiencies and discrepancies began prior to the SBOA audit and were well underway when the audit commenced. That being said, my client acknowledges the findings of the audit to be accurate for the audit period.

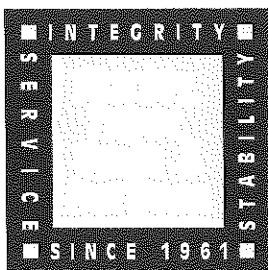
The new financial clerk has worked diligently to resolve the discrepancies and inadequacies she found when taking over the financial clerk duties in March, 2014. The TCCD Governing Board was informed of the new financial clerk findings and was regularly updated on the status of financial matters. Substantial progress has been made in alleviating the deficiencies and discrepancies. To that end, the following has occurred under the leadership of the new TCCD financial clerk:

1) Spreadsheets are now prepared detailing each fund (income/expenses) which are updated monthly with an accompanying line item budget sheet showing the status of all approved appropriations.

56 South Washington, Suite 401
Valparaiso, IN 46383
219.464.1041 phone
219.464.0927 fax

Merrillville Office
219.738.2824

Fort Wayne Office
260.459.3288



BLACHLY, TABOR, BOZIK & HARTMAN, LLC

Page Two

2) TCCD investments are kept on an excel spreadsheet and certificates of deposit are handled pursuant to the requirement that the CD is allowed to mature. Principle and interest are separated with principle available for reinvestment and interest being deposited in the appropriate fund and a receipt is written for that interest.

3) Receipts are written for all income for each fund to which the monies belong. Claim forms identify funds from which monies are distributed which are also reflected on the accounts payable sheet.

4) Disbursements are kept on an accounts payable voucher with original invoices attached.

5) Inter-fund transfers are reflected by written receipts and further identified through claim forms.

6) Each TCCD fund is now separated for clarity and simplicity in identifying fund status.

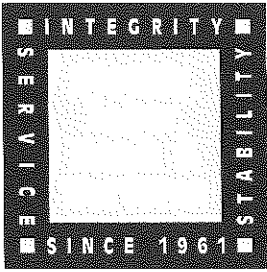
7) Payroll taxes are being withheld and tax forms are filed and paid quarterly.

8) The 100R form was filed in a timely fashion and will be filed timely henceforth.

9) The current financial clerk is bonded pursuant to the provisions of the Indiana Conservancy Statute and the TCCD Governing Board is exploring the feasibility and/or necessity of securing liability insurance.

10) The current financial clerk has filed an accurate annual financial report utilizing correct balances from bank statements.

11) TCCD is currently determining the status of any capital assets and the need for a capital asset report.



BLACHLY, TABOR, BOZIK & HARTMAN, LLC

Page Three

I am confident that TCCD has “righted the ship” and that the current financial clerk has addressed and resolved most if not all of the inaccuracies and discrepancies attributable to the prior financial clerk. The fact that there was no evidence of “missing funds” was somewhat comforting. However, the TCCD Governing Board takes this matter extremely seriously and is committed to full compliance with your agency’s suggestions, recommendations and requirements.

Should any of this need further clarification or discussion, please advise.

Sincerely,
BLACHLY TABOR BOZIK & HARTMAN

By: 
David L. Hollenbeck

DLH/clv