

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

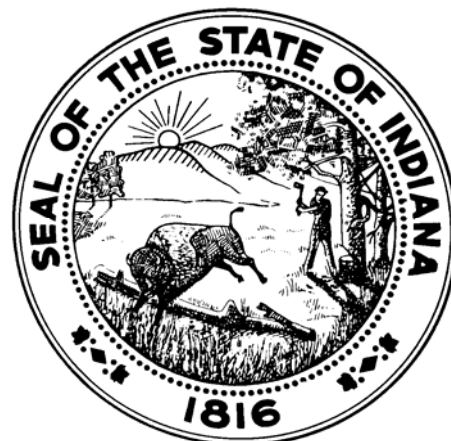
AUDIT REPORT

OF

COUNTY DRAINAGE BOARD

PORTER COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

11/29/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Surveyor	Kevin D. Breitzke	01-01-05 to 12-31-08
President of the Drainage Board	Joseph Harrison	01-01-05 to 12-31-06
President of the County Council	Robert Poparad Daniel Whitten	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Robert Harper	01-01-05 to 12-31-06



STATE OF INDIANA
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TO: THE OFFICIALS OF PORTER COUNTY

We have audited the records of the County Drainage Board for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result and Comment. The financial transactions of this office are reflected in the Annual Report of Porter County for the year 2005.

STATE BOARD OF ACCOUNTS

September 15, 2006

COUNTY DRAINAGE BOARD
PORTER COUNTY
AUDIT RESULT AND COMMENT

UNASSESSED DRAINAGE COSTS

As stated in several prior audit reports, there is a substantial cumulative balance of unassessed drainage costs in the General Drain Improvement Fund. As of December 31, 2005, unassessed drainage costs totaled \$386,426.08, which has decreased from the previous year. These costs should be levied against the property owners in a timely manner.

In addition, a review of the Drainage Maintenance Fund indicated there are sixteen ditches which have negative drain balances. For these ditches, assessments are insufficient to cover the negative drain balances. The cumulative balance of unassessed maintenance costs totaled \$181,188.55.

Indiana Code 36-9-27-85 states in part:

"(a) The board shall certify the list of assessments apportioned under section 84 of this chapter to the auditor of each county in which there are lands to be assessed.

(b) Whenever the order of the board establishing an annual assessment for periodic maintenance becomes final, the board shall certify that annual assessment to the auditor of each county in which there are land to be assessed. The annual assessment shall be collected each year until changed or terminated by the board . . ."

Indiana Code 36-9-27-42 states in part:

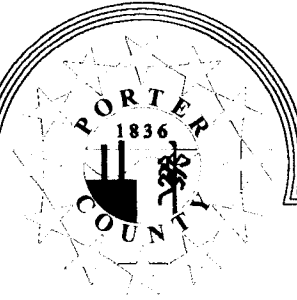
"(a) The board may at any time increase or decrease the amount annually assessed for periodic maintenance of a regulated drain if the board finds that the county surveyor's estimate of the cost of maintaining the drain was insufficient or excessive."

COUNTY DRAINAGE BOARD
PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 4, 2006, with John Harrison, Drainage Board Chairman; and Kevin D. Breitzke, Surveyor. The official response has been made a part of this report and may be found on pages 6 and 7.

COUNTY OF PORTER

PORTER COUNTY SURVEYOR
KEVIN D. BREITZKE, P.E., L.S.



155 INDIANA AVENUE
SUITE 303
VALPARAISO, INDIANA 46383

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KBREIT@PORTERCO.ORG

October 10, 2006

Bruce Hartman, State Board of Accounts c/o Jane Elder
Porter County Administration Building
155 Indiana Ave.
Valparaiso, IN 46383

Subject: Porter County Drainage Board Unassessed Accounts/2005 Audit

Dear Mr. Hartman,

Rob James from your staff in Porter County met with Joe Harrison, Drainage Board Chairman, and myself the afternoon of October 4, 2006. We continue to believe that your citation of unassessed costs fails to recognize the fact that this sum is largely "unpaid but assessed" ditch accounts. This comment addressed possible excessive use of the maintenance monies and under-assessment of the ditches affected. It is important to remember that many, if not most, of these systems had little or no maintenance prior to 1996. The GDIF is a borrowing fund, which has been faithfully used to accomplish its purpose: maintenance of our ditches. The GDIF had been under-utilized to the point that in 1996 the State Board of Accounts had the Commissioners declare an excess of \$350,000 due to interest collected in order to repay the County General Fund for the original loan from Porter County Government. Of the twenty ditches identified, sixteen will pay back the borrowed amounts in less than two years. Two of the ditches with no further expense will be paid in full in three years. The final two of the twenty ditches, Krull Ditch and Casbon Ditch should be paid in full in about four years. Since 1996 or in the last nine years, we have assessed 155 square miles of watershed for ditch maintenance purposes to supplement the 36 square miles that were done in the previous thirty years.

We concur with your findings of unassessed drainage costs, which appeared in the books between 1984 and 1994 and as stated in previous audits. As you may recall, we remedied five (**Casbon, Krull, Philips-Cornell, Pleasant Township, and Pope-O'Connor**) of nine ditch accounts identified in the 2000 audit, their amounts and the individual methods of repayment to the General Drainage Improvement Fund during 2001. Four ditches are actively being considered for assessment to cover their arrears, but other ditches became higher priority for specific maintenance needs including Grieger Ditch(Reeves North), Crooked Creek North, Cornell Ditch and Cobb Branch of Sandy Hook Ditch. The other four ditches include: **Swanson-Lamporte Ditch** (-\$3,130.36) for which public hearings were held and assessments are being contested by a land owner

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through the courts, **Peterson Ditch** (-\$18,614.57), for which the office work is complete, but being discussed with the Towns of Porter and Chesterton since both have stormwater boards with potential revenue streams; however, the PCDB wants the courts opinion on Swanson Lamporte before proceeding and may still consider a public hearing in 2007. **Flint Lake-Garden Terrace Drain** (-\$3535.00) and **Koselke North** (-\$6,000.00) are being considered for hearings later. Previous administrations during the 1980's and early 1990's had committed to do assessment roles, but lent monies without ever creating the assessments.

In 2004, **Friday Ditch** (-\$1013.64) and **North Stimson**, AKA North Stimpson, (-\$270.93) were resolved by use of the emergency provisions of the statutes.

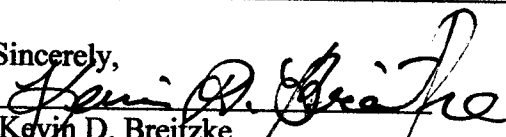
Markowitz Ditch (-\$9186.26) was engineered originally for private properties and was in process from 1952 to 1972, but the ditch was not constructed since it was stopped in the Courts in 1972 during which time legal fees were added to this debt burden. This land and watershed have long been owned by the National Park Service as part of the Indiana Dunes National Lakeshore, Mr. Breitzke has met with officials of the National Park Service, never received an official reply from the Solicitor of the NPS and brought it up with Superintendent Enquist again in August of 2006.

Likewise, the **Smith, Koselke, Crooked Creek** study (-\$58, 834.32) was done in 1973 and never assessed; however, the drainage board may consider apportioning the debt to the various recently assessed portions of the system including sequentially the Hotter Drain, Koselke Ditch, and South Crooked Creek.

The **Kankakee River Basin Commission/ Kankakee River** (-\$6,084.43) was reimbursed from GDIF for emergency maintenance that the Porter County Drainage Board was responsible for. This was lent in anticipation of an assessment that failed in Court during the early 1990's. Also, a proposal for the creation of a Kankakee River Authority failed to gain legislative support. It was proposed that the County Commissioners set aside \$20,000 from CEDIT for continuing maintenance of the river, but still has not been done to date .

Finally, we are making every effort to clear up the record having accomplished settlement for many long-standing issues while aggressively attending to the drainage needs of our citizens. Additionally, we will continue to make it our goal to modify these long used methods and conform to the best of our ability to the Guidelines Manual for Public Drainage Funds.

Sincerely,


Kevin D. Breitzke,
Porter County Surveyor


Joe Harrison,
Chairman, Porter County Drainage Board

KB/kdb