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January 22, 2019

Board of Directors
Damon Run Conservancy District
P.O. Box 472
Valparaiso, IN 46384

This report is supplemental to the audit report of the Damon Run Conservancy District (District), for the period from January 1, 2016 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Damon Run Conservancy District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains two Examination Findings and Results. Management's response may be found on page 5.

The report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**COMPLIANCE EXAMINATION OF
DAMON RUN CONSERVANCY DISTRICT**

Porter County, Indiana
January 1, 2016 to December 31, 2017

DAMON RUN CONSERVANCY DISTRICT

Porter County, Indiana
January 1, 2016 to December 31, 2017

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DAMON RUN CONSERVANCY DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2016 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jennifer Beauchamp	01-01-16 to 12-31-17
President of the District Board	John Barko	01-01-16 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Damon Run Conservancy District

We have examined Damon Run Conservancy District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2016 to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2016 to December 31, 2017, as described in items 2018-001 and 2018-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2016 to December 31, 2017.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.



Crowe LLP

Indianapolis, Indiana
December 6, 2018

DAMON RUN CONSERVANCY DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2016 to December 31, 2017

FINDING 2018-001: BANK ACCOUNT RECONCILIATION REVIEW

Criteria: 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.*"

Condition: During testing, we noted that the Unit performs a monthly bank reconciliation process, however there is not a documented, independent review process.

FINDING 2018-002: MATERIALITY THRESHOLD

Criteria: SBOA State Examiner Directive 2015-6 requires political subdivisions to develop a materiality threshold policy approved through ordinance or resolution and policies and procedures to administer and report.

Condition: During testing, we noted that the Unit had not adopted a materiality threshold for the period under audit.

DAMON RUN CONSERVANCY DISTRICT
EXIT CONFERENCE
January 1, 2016 to December 31, 2017

The contents of this report were discussed on December 6, 2018, with Jennifer Beauchamp, Treasurer, and Jack Barko, Board President. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.



Damon Run Conservancy District

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December 5, 2018

Eric Wildermuth, CPA
Crowe LLP

RE: Damon Run Conservancy District ("District")
State Board of Accounts ("State")
Official Response of Examination Results and Comments

The report prepared by Crowe LLP constitutes the first review and comment by Crowe LLP regarding the District. The District will utilize the information contained in their report to ensure compliance and offers the following responses:

Bank Account Reconciliation: The District will continue to complete monthly reconciliation of all bank accounts. Annually the District along with their accounting firm, Umbaugh & Associates, will conduct an independent review of all reconciliations.

Materiality Threshold: The District will adopt a materiality threshold as required by the SBOA Examiner Directive 2015-6.

Jennifer Beauchamp, Treasurer