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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

February 12, 2019

Board of Directors
White Oak Conservancy District
P.O. Box 208
Wheeler, IN 46393

This report is supplemental to the audit report of the White Oak Conservancy District (District), for the period from January 1, 2015 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 White Oak Conservancy District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2015 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. Pages 3 through 4 contain four Examination Findings and Results. Management's response may be found on page 6.

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
WHITE OAK CONSERVANCY DISTRICT

Porter County, Indiana
January 1, 2015 to December 31, 2017

WHITE OAK CONSERVANCY DISTRICT

Porter County, Indiana
January 1, 2015 to December 31, 2017

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WHITE OAK CONSERVANCY DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2015 to December 31, 2017

Office	Official	Term
Financial Clerk	Cherie Vogel	01-01-15 to 12-31-17
President of the Board	John Hack	01-01-15 to 12-31-17

Crowe LLP
Independent Member Crowe Global

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of White Oak Conservancy District

We have examined White Oak 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, 2015 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, 2015 to December 31, 2017, as described in items 2018-001 through 2018-004 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, 2015 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

Crowe LLP

Indianapolis, Indiana
December 17, 2018

FINDING 2018-001: **SEGREGATION OF DUTIES**

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: *"An integral part of the control activity component is segregation of duties. . . .There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."*

Condition: During testing, we noted a lack of segregation of duties within the receipts and disbursements processes. We identified that the Treasurer is responsible for processing, depositing receipts, and signing checks.

FINDING 2018-002: BANK ACCOUNT RECONCILIATIONS

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 the Unit does not prepare formal bank reconciliations. Rather, the Financial Clerk maintains a running total of cash balances and provide the Board each month with a summary. The summary lists all deposits and claims for the month. We noted this is a recurring finding. As a result, we noted that ending cash as of December 31, 2015 was understated by $5,441. Management corrected this misstatement.

FINDING 2018-003: 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.

FINDING 2018-004: MINIMUM LEVEL OF INTERNAL CONTROLS

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual: *"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. An integral part of the control activity component is segregation of duties. . . .There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."*

Condition: The Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

The contents of this report were discussed on December 17, 2018, with Cherie Vogel, Clerk, David Hollenbeck, Attorney, and John Hack, Board Chairman. 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.

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SERVICE
Blachly, Tabor, Bozik & Hartman
STABILITY
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Blachly, Tabor, Bozik & Hartman, LLC

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

Scott R. Bozik
Angelica C. Schultis
Colby A. Barkes
Christopher Ripley

OF COUNSEL
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)

December 19, 2018

RE: White Oak Conservancy District 01/01/2015 to 12/31/2017

I initiate this correspondence in my capacity as the attorney for the Governing Board of the White Oak Conservancy District and in conjunction with your agency's recent completion of an audit for the period of January 1, 2015 through December 31, 2017. On behalf of the Governing Board, I acknowledge the internal control/segregation of duties, bank reconciliations and materiality threshold comments contained in the review document. All comments/findings should be addressed within the next 30 days.

Sincerely,
BLACHLY TABOR BOZIK & HARTMAN
Attorneys at Law

By: David L. Hollenbeck

DLH/clv

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

Lake County Office
219.738.2824

Fort Wayne Office
260.459.3288

BTBHLaw.com