



STATE OF INDIANA
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March 8, 2019

Board of Directors
Independence Hill Conservancy District
2193 West 84th Street
Merrillville, IN 46410

This report is supplemental to the audit report of the Independence Hill 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 Independence Hill 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. Page 3 contains three Examination Findings and Results. Management's response may be found beginning 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
INDEPENDENCE HILL CONSERVANCY DISTRICT**

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

INDEPENDENCE HILL CONSERVANCY DISTRICT

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

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INDEPENDENCE HILL CONSERVANCY DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2015 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Lynn E. Sattler	01-01-15 to 12-31-17
Chairman of the Board of Directors	James W. Beshears	01-01-15 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Independence Hill Conservancy District

We have examined Independence Hill 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, 2018-002 and 2018-003 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

Indianapolis, Indiana
December 6, 2018

INDEPENDENCE HILL CONSERVANCY DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2015 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 the Unit did prepare bank reconciliations on at least a monthly basis. However, we noted no formal review process over these reconciliations.

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.

FINDING 2018-003: 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: During testing, we noted that the Unit did not meet the minimum standards of internal control. Although the Unit has provided relevant training on internal control standards, and adopted all relevant policies as required by Indiana Code, we did not see formal documented evidence of a COSO based internal control system. This document should contain specific information as to how the Unit has adopted and implemented all five components of the COSO internal control model.

INDEPENDENCE HILL CONSERVANCY DISTRICT
EXIT CONFERENCE
January 1, 2015 to December 31, 2017

The contents of this report were discussed on December 6, 2018, with Lynn Sattler, Treasurer, Mike Mirin, Board Vice Chairman, and Terrence Bronowski, External Accountant. 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.

INDEPENDENCE HILL CONSERVANCY DISTRICT

8015 Cleveland Place
Merrillville, Indiana 46410

Telephone: (219) 769-3996
Fax: (219) 769-6237

December 17, 2018

Mr. Eric Wildermuth CPA
Crowe LLP

Dear Mr. Wildermuth,

This letter is in response to Finding 2018-001 Bank Account Reconciliation Review.

Attached are samples of board minutes and cash balance reports for two separate months for the Independence Hill Conservancy District. The monthly financials from the District are sent via e-mail to the IHCD Accountant, Mr. Bronowski, which includes all receipts, disbursements and bank reconciliations. After a review of the above Mr. Bronowski prepares the cash report for submission to the Board. This report summarizes the cash position of the District for the Directors.

It is our hope that this action will serve to comply with Indiana code 5-13-6-1(e). Going forward this action will be documented in the office procedures of the District and adopted by the Board.

Sincerely,

Lynn E Sattler
Financial Clerk
Independence Hill Conservancy District

**Minutes of Meeting of Board of Directors
Independence Hill Conservancy District
Thursday, April 12, 2018**

A regular meeting of the board of directors of Independence Hill Conservancy District was held on Thursday, April 12, 2018, at the IHCD office at 7507 Taft Street, Suite 2, Merrillville, Indiana. The Chairman, James W. Beshears, called the meeting to order at 6:00 p.m. and led the Pledge of Allegiance. The Secretary, Lynn E. Sattler, called the roll, and the following directors, staff, and advisors were present or absent as noted:

DIRECTORS		Present	Absent
James W. Beshears	Chair and Area 4 Director	X	
Michael A. Mirin	Vice Chair and Area 1 Director		X
Gerald Aimutis, Sr.	Area 2 Director	X	
George Kymakis	Treasurer and Area 3 Director	X	
Michael Rivera	Area 5 Director	X	
STAFF/ADVISORS			
Lynn E. Sattler	Sec'y & Ofc Mgr & Fin'l Clerk	X	
Aravind S. Muzumdar	Engineer	X	
Terrence Bronowski	Accountant	X	
Thomas M. Greenberg	Attorney	X	
Brian Smolar	Project Coordinator	X	

Chairman Report:

There was no Chairman's report.

Committee Reports:

Maintenance:

Mr. Smolar reported on the following: color swatches for office sign; tablet computers; and proposed newsletter.

Tablet Computers:

Mr. Smolar reported that tablet computers like those previously provided for directors are available from multiple sources for \$600 but can be purchased from the local Best Buy for \$450. After discussion, Mr. Rivera made the following motion, seconded by Mr. Kymakis and PASSED 4-0:

MOVED: that IHCD purchase three Samsung Galaxy S3 tablet computers from Best Buy for a price not to exceed \$450 each.

Personnel:

There was no personnel report.

Building:

There was no building committee report.

Minutes of Meetings:

Minutes of the April 5, 2018, meeting of the board of directors were read. After discussion, Mr. Rivera made the following motion, seconded by Mr. Kymakis and PASSED 4-0:

MOVED: that the minutes of the April 5, 2018, meeting of the board of directors are approved as published.

Engineer Report:

Mr. Muzumdar presented a written report on the following: Chapel Hill Pump Station Gas-Fired Generator (flexible gas pipe to be installed next week); and Taney Place Pump Station (gas-fired generator proposals requested and due by May 7).

Attorney Report:

There was no attorney report.

Accountant Report:

Mr. Bronowski presented a written cash balances report including investments as of March 31, and he distributed copies of a 2015 true-up report just received from Merrillville Conservancy District's accountant that he has not yet had time to review. Mr. Greenberg said that the true-up amount charged to IHCD (\$562,194) seemed very large as compared to the amount previously paid (\$1,204,077) and asked Mr. Bronowski to comment on that in particular when he has had time to analyze the report.

Financial Report:

Ms. Sattler distributed copies of the accounts payable register dated April 12, 2018, including claim numbers 28137 through 28167 in the total amount of \$32,832.44. After discussion, Mr. Rivera made the following motion, seconded by Mr. Aimutis and PASSED 4-0:

MOVED: that the accounts payable register dated April 12, 2018, is approved for payment as published.

Old Business:

Office Sign:

The directors reviewed the estimate/proposal 14583 dated April 6 by Signs by Tomorrow in the total amount of \$388.89 to provide and install signs for the new office. Consensus of the directors was for black lettering on green background for the pre-spaced vinyl lettering sign and black lettering on such background as the provider recommends for the solvent printed calendared vinyl sign. After discussion, Mr. Rivera made the following motion, seconded by Mr. Aimutis and PASSED 4-0:

MOVED: that the estimate/proposal by Signs by Tomorrow for office signs is accepted.

New Business:

There was no new business.


Audience Comments:

There were no audience comments.

Adjournment:

There being no further business, on motion by Mr. Rivera, passed 4-0, the meeting was adjourned at 6:35 p.m.

Respectfully submitted,


Lynn E. Sattler, Secretary

Approved:


James W. Beshears, Chairman

ADA NOTICE

Independence Hill Conservancy District ("IHCD") will generally, upon request and without charge, provide appropriate aids and services for qualified persons with disabilities so that they can participate equally in IHCD's programs, services, and activities, such as qualified sign language interpreters and documents in large print, for example, for people who have speech, hearing, or vision impairments. Anyone who requires an auxiliary aid or service should contact the IHCD office as soon as possible but no later than 24 hours before the scheduled event, at 7507 Taft Street, Suite 3, Merrillville, IN 46410, telephone 219-769-3996, fax 219-769-6237, email ihcd219@sbcglobal.net or dial Relay Indiana at 711 or 800-743-3333.

INDEPENDENCE HILL CONSERVANCY DISTRICT

Cash Balances as of: March 31, 2018

General Fund

Checking Account Balance			\$	674,232.38
Petty Cash			\$	150.00
Investments:				
	<u>Interest</u>	<u>Date</u>		
Peoples Bank	<u>Rate</u>	<u>Matures</u>	\$	
	1.85	6/28/2018		<u>1,004,923.16</u>
Total General Fund Investments			\$	1,004,923.16
Total General Fund Cash and Investments			\$	1,679,305.54

Cumulative Improvement Fund

Checking Account Balance			\$	222,706.42
Investments:				
	<u>Interest</u>	<u>Date</u>		
Peoples Bank	<u>Rate</u>	<u>Matures</u>	\$	
	1.850	6/26/2018		<u>903,667.32</u>
Total Cumulative Fund Investments			\$	903,667.32
Total Cumulative Improvement Fund Cash and Investments			\$	1,126,373.74

Total Cash and Investments \$ 2,805,679.28

MINUTES OF THE REGULAR MEETING
INDEPENDENCE HILL CONSERVANCY DISTRICT
MONDAY, MAY 21, 2018

The Regular Meeting of the Independence Hill Conservancy District (IHCD) was conducted on Monday, May 21, 2018 at the IHCD offices located at 8015 Cleveland Place, Merrillville, Indiana 46410.

Pledge of Allegiance

Mr. Beshears called the meeting to order at 6:00 PM with the Pledge of Allegiance.

Roll Call

Present at the meeting were:

James Beshears, Area 4 Director and Chairman
Michael A. Mirin, Area 1 Director and Vice Chairman*
George Kymakis, Area 3 Director and Treasurer
Gerald Aimutis, Area 2 Director
Michael Rivera, Area 5 Director
Aravind S. Muzumdar, Engineer
Terrence Bronowski, Accountant
Brian Smolar, Project Coordinator
Lynn Sattler, Sec'y & Ofc Mgr & Fin'l Clerk

Absent:

Thomas M. Greenberg, Attorney

Chairman's Report

There was no report.

Committee Reports

Maintenance

Mr. Smolar presented a written report on the following items:

Manhole Structure Reconnaissance Update
Newsletter timeframe
Large Wall Map of IHCD (30% Completed)
New Business Cards

A copy of the report is attached.

Mr. Smolar reported that there are 200 manholes (out of 1058) left to check.

Mr. Smolar requested the information from all directors and staff for the IHCD business cards.

Personnel

There was no report.

Building

There was no report.

Minutes

May 7, 2018 Regular Meeting

After discussion, Mr. Mirin, seconded by Mr. Aimutis, made the following motion:

MOVED

To approve the meeting minutes of May 7, 2018 Regular Meeting as presented.

There was no discussion on the motion.

Vote resulted in the motion passing 5-0.

Engineer's Report

Mr. Muzumdar presented the Board with a written report on the following items:

Taney Place Pump Station

Flows In April 2018

A copy of the report is attached.

Mr. Muzumdar presented to the Board the Taney Place Pump Station – New 60 kW Gas Fired Standby Generator quote award recommendation.

	Option 1 Generac Model SG 060	Option 2 Patten (Caterpillar) Model DG 60-2
M.J. Electric LLC	\$41,925.00	\$51,230.00
Sweney Electric Co., Inc.	\$48,275.00	\$56,375.00

Mr. Muzumdar stated that it was brought to his attention by Mr. Smolar that the Generac unit purchased by the District just a few years ago at the US 30 Pump Station has already started rusting.

Mr. Muzumdar recommended the award of contract be made to M.J. Electric LLC on their quote for Option 2 (Patten) in the amount of \$51,230.00 subject to availability of funds or for Option 1 (Generac) in the amount of \$41,925.00.

After discussion, Mr. Rivera, seconded by Mr. Aimutis, made the following motion:

MOVED

To award the Taney Place Pump Station contract to M.J. Electric LLC Option 2 for the Patten Model DG 60-2 Generator in the amount of \$51,230.00.

There was no discussion on the motion.

Vote resulted in the motion passing 5-0.

Accountant's Report

Mr. Bronowski presented the Board with a Cash Balances Report as of April 30, 2018.

Total General Fund Cash and Investments	\$1,622,560.04
Total Cumulative Improvement Fund Cash and Investments	\$1,130,045.74

Mr. Bronowski stated that he has contacted Mr. John Julien, the MCD accountant regarding the method of calculation for the current True-Up Reports – Years 2011 through 2014. After receiving the information and reviewing with Mr. Muzumdar, he will report to the Board.

Financial Report

Claims

After discussion, Mr. Mirin, seconded by Mr. Kymakis, made the following motion:

MOVED

To approve the Accounts Payable Register dated May 21, 2018 including claim numbers 28243 through 28278, in the amount of \$ 75,758.62.

There was no discussion on the motion.

Vote resulted in the motion passing 5-0.

Old Business

Mr. Smolar stated that one of Vortex Pumps at the 78th Avenue Lift Station stopped working and was replaced with one of the spare pumps. It was suggested that Mr. Smolar present quotes to the Board at the next meeting for purchasing a new pump.

Mr. Smolar stated that the Prairie Point Lift Station wet well needs to be sandblasted and painted due to rusting. Mr. Smolar was asked to research bids for the repair work.

Mr. Kymakis inquired about the status of the move. Mrs. Sattler stated that the office move was complete. The new air conditioners have been installed with cages and an alarm system.

New Business

Mr. Rivera inquired about purchasing new furniture for the meeting room. After discussion, Mr. Beshears stated that he would look into the issue.

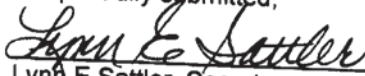
Audience Comments

There were no audience comments.

Adjournment

Meeting was adjourned at 6:30 by a motion from Mr. Rivera, with a second from Mr. Kymakis.

Respectfully submitted,


Lynn E Sattler, Secretary

Approved:


James W. Beshears, Chairman

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Anyone who requires an auxiliary aid or service should contact the IHCD office as soon as possible but no later than 24 hours before the scheduled event, at 8015 Cleveland Place, Merrillville, IN 46410, telephone 219.769.3996, fax 219.769.6237, email contact@ihcd-in.com, or dial Relay Indiana at 711 or 800.743.3333.

INDEPENDENCE HILL CONSERVANCY DISTRICT

Cash Balances as of: April 30, 2018

General Fund

Checking Account Balance			\$	617,486.88
Petty Cash			\$	150.00
Investments:				
Peoples Bank	Interest Rate	Date Matures		
	1.85	6/28/2018	\$	<u>1,004,923.16</u>
Total General Fund Investments			\$	1,004,923.16
Total General Fund Cash and Investments			\$	1,622,560.04

Cumulative Improvement Fund

Checking Account Balance			\$	226,378.42
Investments:				
Peoples Bank	Interest Rate	Date Matures		
	1.850	6/26/2018	\$	<u>903,667.32</u>
Total Cumulative Fund Investments			\$	903,667.32
Total Cumulative Improvement Fund Cash and Investments			\$	1,130,045.74

Total Cash and Investments \$ 2,752,605.78

INDEPENDENCE HILL CONSERVANCY DISTRICT

8015 Cleveland Place
Merrillville, Indiana 46410

Telephone: (219) 769-3996
Fax: (219) 769-6237

December 17, 2018

Mr. Eric Wildermuth CPA
Crowe LLP

Dear Mr. Wildermuth,

This letter is in response to Finding 2018-002: Materiality Threshold.

The District will approve at the next board meeting a materiality threshold to be utilized by office staff. After discussion with board members and professionals the amount of the threshold will be established and implemented and adopted by the Board.

The District has taken this corrective action plan to comply with state examiner directive 2015-6.

Sincerely,

Lynn Sattler
Financial Clerk
Independence Hill Conservancy District