

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TWIN LAKES REGIONAL SEWER DISTRICT

WHITE COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED

08/29/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Michael Darter	01-01-12 to 12-31-14
Office Manager	James Crawn	01-01-12 to 12-31-14
Treasurer	Thomas Pasquale Jamie Rough	01-01-12 to 12-31-12 01-01-13 to 12-31-14
President of the Board of Trustees	Thomas Pasquale John A. Mitchell	01-01-12 to 12-31-13 01-01-14 to 12-31-14



STATE OF INDIANA
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TO: THE OFFICIALS OF THE TWIN LAKES REGIONAL SEWER DISTRICT, WHITE COUNTY, INDIANA

This report is supplemental to our audit report of the Twin Lakes Regional Sewer District (District), for the period from January 1, 2012 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the District. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the District, which provides our opinions on the District's financial statement and federal program compliance. This report may be found at www.in.gov/sboa.

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

July 29, 2014

TWIN LAKES REGIONAL SEWER DISTRICT
FEDERAL FINDING

***FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE
OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The District did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The District should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected. The Office Manager prepares the SEFA without oversight, review, or approval.

During the audit of the SEFA, we noted the following errors: Program Names and Pass-Through Entity Identifying Numbers were not always accurate or were incomplete. Federal awards expended, including loans of \$2,481,487, were excluded from the SEFA. Audit adjustments were proposed, accepted by the District, and were made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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 District, Chapter 10)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

TWIN LAKES REGIONAL SEWER DISTRICT

"Protecting the Environment Today for Tomorrow's Generations"

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CORRECTIVE ACTION PLAN

FINDING 2013-001

Contact Person Responsible for Corrective Action: James Crawn / Michael Darter
Contact Phone Number: 574.583.5649

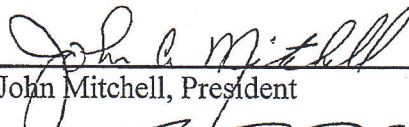
Description of Corrective Action Plan:

The Twin Lakes Regional Sewer District has implemented internal controls that have reasonable assurance regarding the reliability of the Schedule of Expenditures of Federal Awards (SEFA).

The District shall utilize a checklist to assure a proper system of internal controls to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA).

Anticipated Completion Date:

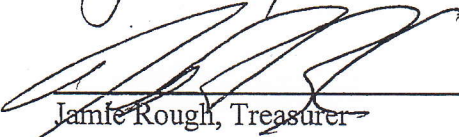
The Twin Lakes Regional Sewer District shall complete the Schedule of Expenditures of Federal Awards (SEFA) checklist for the 2014 Gateway financial reporting.



John Mitchell, President

July 29, 2014

Date



Jamie Rough, Treasurer

July 29, 2014

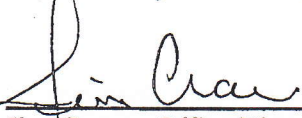
Date



Mike Darter, District Superintendent

7.29.14

Date



Jim Crawn, Office/Financial Manager

7.29.14

Date

TWIN LAKES REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2014, with John A. Mitchell, President of the Board of Trustees; Jamie Rough, Treasurer; Michael Darter, Superintendent; and James Crown, Office Manager.