

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PATOKA LAKE REGIONAL WATER AND SEWER DISTRICT

DUBOIS COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED
03/13/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
General Manager	Bruce Heeke	01-01-12 to 12-31-15
Water Transmission and Distribution Superintendent	Shawn Kluesner	01-01-12 to 12-31-15
Water Plant Superintendent	Jerry Allstott	01-01-12 to 12-31-15
Wastewater Superintendent	Troy Wheeler	01-01-12 to 12-31-15
Controller	Doug Merkel	01-01-12 to 12-31-15
Treasurer	Thomas Lamb	01-01-12 to 12-31-15
President of the Board	John Noblitt	01-01-12 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PATOKA LAKE REGIONAL WATER
AND SEWER DISTRICT, DUBOIS COUNTY, INDIANA

This report is supplemental to our audit report of the Patoka Lake Regional Water and Sewer District (Regional Water and Sewer 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 Regional Water and Sewer District. It should be read in conjunction with our Financial Statements and Federal Single Audit Report of the Regional Water and Sewer District, which provides our opinions on the Regional Water and Sewer District's financial statements 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

January 22, 2015

PATOKA LAKE REGIONAL WATER AND SEWER DISTRICT
FEDERAL FINDING

FINDING 2013-001 - INTERNAL CONTROLS OVER REPORTING

We noted a deficiency in the internal control system of the District related to reporting. We believe the following deficiency constitutes a material weakness. The Controller prepares the financial statements and notes from the detailed trial balance report with no review or approval by any other employees or the governing board. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the District's financial statements and then determining how those identified risks should be managed. The District has not identified risks to the preparation of reliable financial statements and, as a result, has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including the notes to the financial statements.

During the audit of the financial statements and notes to the financial statements, we noted several errors that occurred as a result of the lack of controls.

Audit adjustments were proposed to and accepted by the District and made to the financial statements and notes to the financial statements presented in this report.

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 Districts, Chapter 10)



Patoka Lake Regional Water & Sewer District

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Phone: 812-678-5781 Fax: 812-678-2250

CORRECTIVE ACTION PLAN

FINDING 2013-001

Contact Person Responsible for Corrective Action: Doug Merkel, Controller

Contact Phone Number: 812-678-8304

Description of Corrective Action Plan:

The District understands the need and benefit of strong internal controls. Going forward with the 2014 financial statements and every year thereafter, the District will contract the District's financial advisor, HJ Umbaugh & Assoc. to provide training and assist management to conduct an annual review of the financial statements and accompanying notes prior to release to the Indiana State Board of Accounts and other parties. Any adjustments found will be documented and corrected by the District and be communicated and accepted by management. The adjustments will be incorporated into the financials statements prior to final presentation.

Anticipated Completion Date: Annually, by February 28.

A handwritten signature in blue ink, appearing to read "Doug Merkel", is written above a horizontal line.

(Signature)

The word "CONTROLLER" is handwritten in blue, all-caps letters above a horizontal line.

(Title)

PATOKA LAKE REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2015, with John Noblitt, President of the Board; Thomas Lamb, Treasurer; Doug Merkel, Controller; and Bruce Heeke, General Manager.