

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
CORDRY SWEETWATER CONSERVANCY DISTRICT
BROWN COUNTY, INDIANA
January 1, 2011 to December 31, 2014



FILED
04/26/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Martha Anderson	01-01-11 to 01-02-13
	(Vacant)	01-03-13 to 01-20-13
	Nina Latimar	01-21-13 to 05-18-14
	Stacy Wethington	05-19-14 to 12-31-16
President of the Board	Jerry Fenwick	01-01-11 to 06-20-11
	Larry Kolar	06-21-11 to 12-31-13
	Francis Gantner	01-01-14 to 12-31-14
	James K. Ray	01-01-15 to 12-31-15
	Jerry Engle	01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CORDRY SWEETWATER CONSERVANCY
DISTRICT, BROWN COUNTY, INDIANA

This report is supplemental to our examination report of the Cordry Sweetwater Conservancy District (District), for the period from January 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statements Examination Report of the District, which provides our 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 performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

January 28, 2016

CORDRY SWEETWATER CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were limited to the preliminary reconciliations done through the accounting software. Those reconciliations are simply reconciling the monthly bank transactions to the fund transactions. The final step of reconciling the bank account balance to the fund balances was not done.

A similar comment appeared in prior Report B40038.

In order to verify cash and investment balances, we completed the December 31, 2011, 2012, 2013, and 2014 bank account reconciliations. There were no differences noted for 2011. Differences noted for 2012 and 2013 reconcilements were due to interest on investments not being accounted for correctly. For 2013, there were also immaterial differences noted on each bank account reconcilement. There was unidentified cash long of \$2,453 at December 31, 2014.

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."

APPROPRIATIONS

The records presented for examination indicated the 2012 General Fund expenditures exceeded budgeted appropriations by \$5,300.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CAPITAL ASSET RECORDS

Information presented for examination did not indicate a capital asset policy had been adopted, or record of capital assets was maintained using General Form No. 369.

A similar comment appeared in prior Report B40038.

The District's Board minutes for the examination period did indicate the District was in the process of developing a capital asset policy.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

CORDRY SWEETWATER CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

The District paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$608, as a result of the District not remitting sales tax payments for water sales on a timely basis during the period September 2011 through April 2013.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest, or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SALES TAX INCORRECTLY CALCULATED AND REMITTED

The District Water Utility collected the proper sales tax for May 2012 utility services from its customers; however, the incorrect amount was remitted to the Indiana Department of Revenue. The amount of sales tax remitted was based upon the June 2012, gross sales rather than May 2012 gross sales. This resulted in an underpayment of \$212 in sales tax.

Collections by a political subdivision from the retail sale of tangible personal property, utility services or commodities in the performance of private or proprietary activities are subject to sales tax. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 20)

All questions concerning the law or procedure for paying and collecting sales tax should be directed to the Indiana Department of Revenue, Sales Tax Division, Indiana Government Center North, Indianapolis, Indiana, 46204, telephone number (317) 233-4015. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 20)

INTEREST ON INVESTMENTS

Interest earned on some investments was automatically added to the principal and not recorded in the records. As of December 31, 2014, interest automatically added and not recorded was \$481.

A similar comment appeared in prior Report B40038.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CORDRY SWEETWATER CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

CREDIT CARDS

The District used credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

DEPOSITS

Receipts were deposited later than the next business day in 10 percent of receipts tested.

A similar comment appeared in prior Report B40038.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

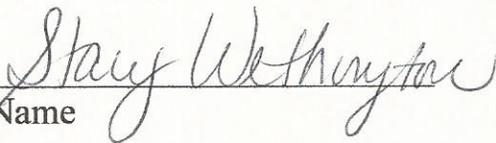
Cordry-Sweetwater Conservancy District

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EMAIL: cscd@nwcable.net

Findings 2011-2014

Stacy Wethington – Manager
Cordry-Sweetwater Conservancy District
317-933-2893
swethington@nwcable.net

Cordry-Sweetwater Conservancy District has reviewed the examination findings related to the audit for the year January 1, 2011 – December 31, 2014. The Board of Directors accepts your findings, even though some of those findings relate to matters that occurred prior to the election of the current directors or the employment of current managerial staff, and will take appropriate actions to ensure that the matters are properly addressed so that, to the best of the District's ability, there will not be similar occurrences in the future.


Name

Manager
Title

2/5/16
Date

CORDRY SWEETWATER CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 28, 2016, with Stacy Wethington, Financial Clerk; James K. Ray, President of the Board for 2015; and Patrick R. Sherman, current Board member.