

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
WASHINGTON TOWNSHIP REGIONAL SEWAGE DISTRICT  
CLARK COUNTY, INDIANA  
January 1, 2010 to December 31, 2014



**FILED**  
05/20/2016



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carroll T. Steele	01-01-2010 to 12-31-2016
President of the Board	Ronald Repp	01-01-2010 to 10-13-2014
	(Vacant)	10-14-2014 to 12-31-2014
	Todd Webb	01-01-2015 to 12-31-2016



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE WASHINGTON TOWNSHIP REGIONAL  
SEWAGE DISTRICT, CLARK COUNTY, INDIANA

This report is supplemental to our examination report of the Washington Township Regional Sewage District (District), for the period from January 1, 2010 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/](http://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

March 10, 2016

WASHINGTON TOWNSHIP REGIONAL SEWAGE DISTRICT  
EXAMINATION RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations contained errors and a reconciliation of all funds was not performed. In addition, instances were identified in which financial activity was not recorded in the financial records in the correct accounting period which prevented accurate bank reconciliations.

Three instances were noted in which checks issued at the end of the year were not properly recorded in the financial records in the proper accounting period and shown on the bank reconciliations. In the year 2010, a check in the amount of \$2,000 cleared the bank in December 2010; however, the activity was not recorded in the financial records until January 2011. The \$2,000 check was incorrectly post-dated in January 2011. In 2011, a check in the amount of \$600 was issued in December; however, the financial activity was not recorded in the financial records until January 2012. A check in the amount of \$837 issued in 2014 was not recorded in the financial records until 2015.

A reconciliation of monies invested in certificates of deposit to the amounts recorded in the financial records was not made. It was determined that \$1,367 of investment income was not recorded in the financial records in 2010. The interest was recorded in the financial records in 2011; however, the amount was not recorded to the correct account and the error was not identified and corrected until 2012.

Adjusting entries were approved by management and made to the financial statements presented in the Financial Statements Examination report to correctly report the financial activity in the proper year.

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."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

***DEPOSITS***

Collections were not always deposited timely. A review of deposits indicated 70 percent of collections were deposited between three and eleven days from the date they were received. The amount of these collections totaled between \$1,073 and \$3,819 before a deposit was made.

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 . . ."

***OFFICIAL BONDS***

Information was not presented for examination documenting that official bond coverage had been obtained as required.

WASHINGTON TOWNSHIP REGIONAL SEWAGE DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 13-26-2-10(b) states in part:

An order must do the following . . .

- (2) Provide requirements for sufficient bond for all officers, trustees, or employees having power to dispense money of the district."

Cause No. B-197 approved by the Indiana Stream Pollution Control Board on March 20, 1973, that established the District states:

"The Washington Township Regional Sewer District is to "provide sufficient bond for all officers, trustees or employees who have any power to dispense funds of the district. Said bond, as a minimum, shall be in an amount equal to plus ten percent (10%) of those funds received by the district during a fiscal year of the District, which amount shall be determined annually by the Board of Trustees."

***ERRORS ON CLAIMS***

A sample of disbursements tested identified the following deficiencies:

1. Claim forms were not prepared for 17 percent of disbursements tested.
2. Of the claims tested, 23 percent did not have adequate supporting documentation or did not have evidence to support receipt of goods or services.
3. Of the claims tested, 40 percent did not have Board approval and did not have proper approval by the fiscal officer.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

WASHINGTON TOWNSHIP REGIONAL SEWAGE DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**APPROVAL OF FORMS**

The District was using forms which had not been approved for use in lieu of prescribed forms to summarize certain financial information. The forms in use to summarize the applicable financial information did contain all of the pertinent information required by the prescribed forms. The Indiana State Board of Accounts has prescribed forms to summarize this data that includes all the pertinent information necessary to meet the minimal requirements to document financial transactions.

The District used a computerized accounting system. The accounting forms generated from the system have not been approved by the Indiana State Board of Accounts. The following is a listing of the primary accounting forms that have not been submitted to the Indiana State Board of Accounts for approval:

1. A cash receipts journal used to document posting of daily consumer collections. This report does not have a daily composition of receipts.
2. A customer ledger report used to provide a history of billings, payments, and adjustments to customer accounts.
3. The District's general ledger.
4. An aged accounts receivable report. The report did not accurately present receivables. Payments were applied to over 90 day balances even if there were no balances due for over 90 days. This resulted in individual customer accounts on the aged accounts receivable report showing receivables from the customer for 30, 30-60, and 60-90 days and a credit balance (overpayment) for over 90 days.

A similar comment appeared in prior Reports B37813, B29662, and B24450.

Governments are required by law to use the forms prescribed by this department.

All forms previously approved by sending copies to the Indiana State Board of Accounts and receiving a form approval letter are approved with the conditions contained with the letter. All forms previously approved by the adoption of a resolution, are also considered approved.

After April 1, 2014, if a government implements, consistent with the provisions of Indiana Code and Uniform Compliance Guidelines, an automated accounting system that is to be considered for approval, the responsible official is not required to maintain the prescribed forms replaced by the automated system while awaiting the approval. New forms must be in place during at least one (1) State Board of Accounts audit and must not be an element of an audit finding or audit result and comment that is responsible or partially responsible for an exception found during an audit to be considered approved. The government is responsible for placing on new forms the year of installation in the upper right corner. This reference should be similar to "Installed by the \_\_\_\_\_, (Year)." The special district must maintain and present for audit a log of forms installed after April 1, 2014 with the year installed for all forms that replace forms prescribed by State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)



WASHINGTON TOWNSHIP REGIONAL SEWAGE DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**COMPENSATION AND BENEFITS**

Board members were paid on vendor claims without the District withholding applicable taxes. Internal Revenue Service (IRS) Forms 1099-MISC were issued instead of IRS Form W-2 to report compensation paid. The compensation and benefits paid to the five Board members for the years 2010, 2011, 2012, 2013, and 2014, were \$2,650, \$2,800, \$2,800, \$2,500, and \$2,800, respectively.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Non-compliance may require corrective action.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

**BOARD MINUTES**

The minutes of the meetings of the District Board were not presented for all meetings. There were seven meetings held in April 2011, May 2011, January 2012, April 2012, December 2012, May 2013, and October 2013, in which minutes were not presented for examination.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 and 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using electronic means of communication."

WASHINGTON TOWNSHIP REGIONAL SEWAGE DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on March 10, 2016, with Todd Webb, President of the Board; Carroll T. Steele, Treasurer; Gary Jackson, Board member; and Austin Wiggam, Board member.