

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

TELEGRAPH HILL-RYKERS RIDGE
REGIONAL SEWER DISTRICT
JEFFERSON COUNTY, INDIANA

January 1, 2010 to December 31, 2015



FILED
07/29/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	(Vacant) Susan Culbreth	01-01-10 to 03-21-16 03-22-16 to 12-31-16
President of the Board of Trustees	Gary Maas	01-01-10 to 12-31-16



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TO: THE OFFICIALS OF THE TELEGRAPH HILL-RYKERS RIDGE REGIONAL
SEWER DISTRICT, JEFFERSON COUNTY, INDIANA

This report is supplemental to our examination report of the Telegraph Hill-Rykers Ridge Regional Sewer District (District), for the period from January 1, 2010 to December 31, 2015. 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

March 29, 2016

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

TREASURER NOT APPOINTED

The position of Treasurer was not appointed by the Board for the period from November 28, 2007 to March 21, 2016. During that time period, District checks were signed by any Board member that was available.

The District had an official bond to provide coverage in the event of the mishandling of funds; however, this bond covers the position of "Treasurer." Information was not presented for examination to determine whether the bond on the Treasurer would provide coverage on board members performing the duties of Treasurer, but not officially appointed as Treasurer.

A similar comment appeared in prior Report B38127.

Indiana Code 13-26-5-3(a) states in part:

"The board may by rules and resolutions provide the following:

- (1) The procedure for the board's actions.
- (2) The manner of selection of the board's president, treasurer, and secretary and other officers or employees of the district, including the titles, terms of office, compensation, duties, number, and qualifications. . . ."

Indiana Department of Environmental Management Cause #92-W-J-734 states in part:

"That the Board of Trustees 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 amount equal to, plus ten percent (10%), of those funds anticipated to be received by the District, divided by three (3), which amount shall be determined annually by the Board of Trustees."

ANNUAL FINANCIAL REPORTS

The Annual Financial Reports (AFR) for 2011, 2012, and 2014 were not filed timely. These AFRs were filed April 2, 2012, March 27, 2013, and December 28, 2015, respectively, which were 33 days, 26 days, and 302 days, respectively, past the date the reports were due.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

OPTICAL IMAGES OF WARRANTS

The financial institution used by the District did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

A similar comment appeared in prior Reports B29594, B33606, and B38127.

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

For the period January 1, 2010 to July 1, 2015, Indiana Code 5-15-6-3(a) concerning optical imaging of checks stated in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Effective July 1, 2015, Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference . . .

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

CERTIFIED REPORTS

The District did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for 2012 or 2015.

The Form 100-R filed with the Indiana State Board of Accounts for 2014 was filed on March 13, 2015, which was 41 days past the due date.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

TELEGRAPH HILL-RYKERS RIDGE REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on March 29, 2016, with Gary Maas, President of the Board of Trustees.