

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

ALLEN COUNTY REGIONAL WATER
AND SEWER DISTRICT
ALLEN COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
04/18/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Kenneth Neumeister	01-01-14 to 12-31-17
Treasurer	Win Rood	01-01-13 to 12-31-18
President of the Board	Ric Zehr	01-01-12 to 12-31-17
Office Manager	Laura Spuller Deborah Fee (Vacant)	01-01-14 to 04-01-16 04-02-16 to 01-30-17 01-31-17 to 02-28-17



STATE OF INDIANA
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TO: THE OFFICIALS OF THE ALLEN COUNTY REGIONAL WATER
AND SEWER DISTRICT, ALLEN COUNTY, INDIANA

This report is supplemental to our examination report of the Allen County Regional Water and Sewer District (District), for the period from January 1, 2014 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 Statement Examination Report of the District, which provides our opinion on the District's financial statement. 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

February 28, 2017

ALLEN COUNTY REGIONAL WATER AND SEWER DISTRICT
EXAMINATION RESULT AND COMMENT

CONDITION OF RECORDS

The District did not have internal controls over transaction recording that would have prevented discrepancies between the Annual Financial Report and the General Ledger. Financial records presented for audit did not include State Revolving Fund (SRF) transactions and balances from four bank accounts that were held by Bank of New York as trustee for the SRF grant funds. These accounts are for Debt Service Reserve, Bond & Interest, and Construction Funds totaling \$1,101,592 in receipts and \$1,133,132 in disbursements. These transactions and balances were included on the District's Annual Financial Report entered into the Gateway reporting system; however, these transactions were not included on the General Ledger.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

ALLEN COUNTY REGIONAL WATER AND SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 28, 2017, with Kenneth Neumeister, Executive Director; Win Rood, Treasurer; Justin Brugger, Vice President of the Board; M.J. Klinker, Secretary of the Board; and Lana Beregszazi, Business Consultant.