

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

COMPLIANCE EXAMINATION REPORT

OF

ELKHART COUNTY REGIONAL SEWER DISTRICT

ELKHART COUNTY, INDIANA

January 1, 2018 to December 31, 2022



**FILED**

12/15/2023



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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December 15, 2023

To: The Officials of the Elkhart County Regional Sewer District  
Elkhart County Regional Sewer District  
Elkhart County, Indiana

This report is supplemental to the audit report of the Elkhart County Regional Sewer District (District), for the period from January 1, 2018 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an 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 engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for the Elkhart County Regional Sewer District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2022. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3-5.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA  
Deputy State Examiner

ELKHART COUNTY REGIONAL SEWER DISTRICT

Elkhart County, Indiana  
January 1, 2018 to December 31, 2022

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ELKHART COUNTY REGIONAL SEWER DISTRICT  
SCHEDULE OF OFFICIALS  
For the period January 1, 2018 to December 31, 2022

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Administrator	Kristine A. Krueger	01-01-18 to 12-31-22
Treasurer	Thomas Holtzinger Chris Godlewski	01-01-18 to 05-31-22 06-01-22 to 12-31-22
President of the Board	Scott Robinia	01-01-18 to 12-31-22



## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Elkhart County Regional Sewer District

We have examined Elkhart County Regional Sewer District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2018 to December 31, 2022. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2018 to December 31, 2022, as described in items 2022-001 through 2022-007 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2018 to December 31, 2022.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
November 7, 2023

ELKHART COUNTY REGIONAL SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**FINDING 2022-001: MISSING GATEWAY UPLOADS**

**Criteria:** The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
  - Approved Board Minutes, please see the user guide for more information and examples
  - Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund
- The following files and governmental unit information are required to be uploaded annually by all units:

- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund

**Condition:** During testing, we noted the Unit did not upload all required Gateway documents for the years under audit. Salary ordinances were not uploaded for calendar years 2018, 2019 and 2022. Calendar year 2020 was missing board minutes for several months.

**FINDING 2022-002: INTERNAL CONTROLS – TRAINING**

**Criteria:** Indiana Code 5-11-1-27(h) states in part, *“After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that: . . . (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).”*

**Condition:** During testing, we noted that the Unit had not met the minimum standards for training set in Indiana Code 5-11-1-27(h).

**FINDING 2022-003: MISSTATEMENT OF CASH BALANCES**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Special Districts states in part, *“At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee.”*

The same comment appeared in the prior Report B52439.

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(Continued)

ELKHART COUNTY REGIONAL SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**Condition:** During testing of cash, we noted the following misstatements of cash. The same comment appeared in the prior compliance examination report.

- 2018 Construction beginning cash was understated by \$8,739 and 2018 Bond and Interest beginning cash was understated by \$1. An entry was posted to correct.
- 2018 Capital Reserve ending cash was overstated by \$101,150 and 2019 Capital Reserve ending cash was understated by \$101,150. An entry was posted to correct.

**FINDING 2022-004: BANK ACCOUNT RECONCILIATIONS**

**Criteria:** 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."

The same comment appeared in the prior Report B52439.

**Condition:** During testing, we noted the Unit did not prepare bank reconciliations on at least a monthly basis.

**FINDING 2022-005: ANNUAL FINANCIAL REPORT**

**Criteria:** 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."

The same comment appeared in the prior Report B52439.

**Condition:** During testing of Annual Financial Report, we noted the 2019 Annual Financial Report was submitted on 7/2/20, 123 days after the due date. We also noted the 2020 Annual Financial Report was submitted on 3/9/21, 8 days after the due date.

**FINDING 2022-006: MINIMUM LEVEL OF INTERNAL CONTROLS**

**Criteria:** 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. An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

The same comment appeared in the prior Report B52439.

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(Continued)

ELKHART COUNTY REGIONAL SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**Condition:** During testing, we noted the Unit did not have formal documentation regarding the implementation of the minimum standard of internal controls. It was further noted that the underlying receipt and disbursement detail for calendar years 2018, 2019, 2020 and 2021 did not agree to the amounts reported on the Annual Financial Report, however, ending cash balances agreed to the bank statements. Management was unable to reconcile the variance.

**FINDING 2022-007: SUPPORTING DOCUMENTATION**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Special Districts states in part, *“Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee.”*

**Condition:** During testing of receipts, we noted 10 instances, in a sample of 28, in which supporting documentation evidencing deposits could not be provided. The total amount of receipts identified was \$24,944.

ELKHART COUNTY REGIONAL SEWER DISTRICT  
EXIT CONFERENCE  
January 1, 2018 to December 31, 2022

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The contents of this report were discussed on November 7, 2023 with Jackie Cuatepotzo, Utilities Coordinator, Chris Godlewski, Treasurer, and Mae Kratzer, who will be taking over as Treasurer.