

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

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

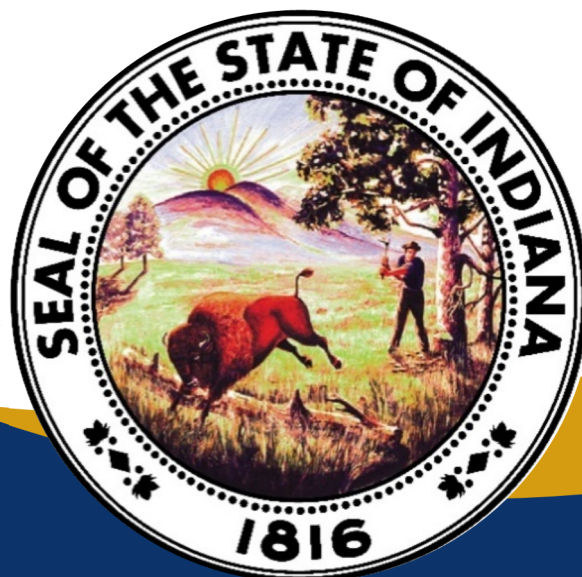
FINANCIAL STATEMENT AND  
FEDERAL COMPLIANCE AUDIT REPORT

OF

WESTERN WAYNE REGIONAL SEWAGE DISTRICT

WAYNE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**

04/02/2025



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

Board of Directors  
Western Wayne Regional Sewage District  
Wayne County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Western Wayne Regional Sewage District. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Western Wayne Regional Sewage District as of December 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings included in the report on pages 22 through 25. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 26 and 27.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for the Western Wayne Regional Sewage District was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA  
Deputy State Examiner

**WESTERN WAYNE REGIONAL SEWAGE DISTRICT**  
Wayne County, Indiana

**FINANCIAL STATEMENT**  
For the Year Ended December 31, 2023

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
Wayne County, Indiana

FINANCIAL STATEMENT  
For the Year Ended December 31, 2023

CONTENTS

SCHEDULE OF OFFICIALS (Unaudited) .....	1
INDEPENDENT AUDITOR'S REPORT .....	2
FINANCIAL STATEMENT	
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	5
NOTES TO FINANCIAL STATEMENT.....	6
OTHER INFORMATION (Unaudited)	
COMBINING SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES – REGULATORY BASIS.....	10
SCHEDULE OF LEASES AND DEBT.....	11
SCHEDULE OF CAPITAL ASSETS.....	12
STATE REPORTING INFORMATION .....	13
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	14
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	15
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE.....	18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	21

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
SCHEDULE OF OFFICIALS (Unaudited)  
December 31, 2023

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Michael Stuckey	01-01-23 to 12-31-23
President of the Board	Susan Duggan	01-01-23 to 12-31-23

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Western Wayne Regional Sewage District  
Wayne County, Indiana

**Opinions**

We have audited the accompanying statement of receipts, disbursements, and cash and investment balances of the Western Wayne Regional Sewage District (the "District") as of December 31, 2023, and for the year then ended, and the related notes to the financial statement.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement presents fairly, in all material respects, the cash and investment balances of the District as of December 31, 2023, and its cash receipts and cash disbursements for the year then ended, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2023, or changes in net position for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As discussed in Note 1 to the financial statement, the Unit prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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(Continued)

## ***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

## ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the District's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

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(Continued)

### ***Other Information***

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, Schedule of Capital Assets, and State Reporting Information, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

  
Crowe LLP

Indianapolis, Indiana  
March 28, 2025

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2023

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<u>Fund</u>	Cash and Investments <u>01-01-23</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-23</u>
Enterprise Operating Wastewater Operating	\$ 1,989,427	\$ 1,974,715	\$ 2,567,546	\$ 1,396,596
Enterprise Operating SE Operating	191,743	19,078	-	210,821
Enterprise Operating System Rehab Fund	107,782	202,015	21,716	288,081
Enterprise Operating Equipment Fund	135,080	202,813	68,400	269,493
Enterprise Operating Operating Savings Fund	111,713	202,920	-	314,633
SWIF	-	2,000,000	2,000,000	-
SRFWW Western Wayne RSD B&I	595,768	922,060	792,007	725,821
SRFWW Western Wayne Reserve 2021A	213,500	195,363	-	408,863
SRFWW Western Wayne 2021A	-	3,570,481	3,570,481	-
SRFWW Western Wayne Spec Rev B&I	203,586	182,612	-	386,198
SRFWW Western Wayne Local Construction 2021	1,011,085	48,990	-	1,060,075
SRFWW Western Wayne Reserve 2021B	<u>3,033,254</u>	<u>146,969</u>	<u>-</u>	<u>3,180,223</u>
 Totals	 <u>\$ 7,592,938</u>	 <u>\$ 9,668,016</u>	 <u>\$ 9,020,150</u>	 <u>\$ 8,240,804</u>

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See accompanying notes to financial statement.

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
December 31, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The District was established under the laws of the State of Indiana. The District operates under a Board of Director form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Unit.

Basis of Accounting: The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred. The basis of accounting also requires presentation of certain information as Other Information.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

Cash and Investments: Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Utility fees.* Amounts received from charges for current services.

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

*Other receipts.* Amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those Units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

*Debt service principal and interest.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Unit. It includes all expenditures for the reduction of the principal and interest of the Unit general obligation indebtedness as well as lease agreements.

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(Continued)

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
December 31, 2023

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various purposes including, but not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

Interfund Transfers: The District may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

Fund Accounting: Separate funds are established, maintained, and reported by the District. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Unit. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the District itself.

**NOTE 2 - BUDGETS**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**NOTE 3 - PROPERTY TAXES**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the District is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

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(Continued)

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
December 31, 2023

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**NOTE 4 - DEPOSITS AND INVESTMENTS**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

At December 31, 2023, the District held \$5,652,557 in CDs and other forms of fixed income investments with institutions that maintained the FDIC and PDIF coverages as applicable.

**NOTE 5 - RISK MANAGEMENT**

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Unit to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The District has purchased insurance to address the risks described above.

**NOTE 6 - PENSION PLAN**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the District authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the District authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

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(Continued)

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
December 31, 2023

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**NOTE 6 - PENSION PLAN** (Continued)

*Financial Report*

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (844) 464-6777

*Contributions*

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

**OTHER INFORMATION (Unaudited)**

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2023

	Enterprise Operating Wastewater Operating	Enterprise Operating SE Operating	Enterprise Operating System Rehab Fund	Enterprise Operating Equipment Fund	Enterprise Operating Savings Fund	SWIF	SRFWW Western Wayne RSD B&I	SRFWW Western Wayne Reserve 2021A	SRFWW Western Wayne 2021A	SRFWW Western Wayne Spec Rev B&I	SRFWW Western Wayne Local Construction 2021	SRFWW Western Wayne Reserve 2021B	Totals
Cash and investments - beginning	\$ 1,989,427	\$ 191,743	\$ 107,782	\$ 135,080	\$ 111,713	\$ -	\$ 595,768	\$ 213,500	\$ -	\$ 203,586	\$ 1,011,085	\$ 3,033,254	\$ 7,592,938
Receipts:													
Utility fees	1,875,226	14,600	-	-	-	-	-	-	-	-	-	-	1,889,826
Intergovernmental	-	-	-	-	-	2,000,000	-	-	-	-	-	-	2,000,000
Other receipts	99,489	4,478	202,015	202,813	202,920	-	922,060	195,363	3,570,481	182,612	48,990	146,969	5,778,190
Total receipts	1,974,715	19,078	202,015	202,813	202,920	2,000,000	922,060	195,363	3,570,481	182,612	48,990	146,969	9,668,016
Disbursements:													
Personal services	117,213	-	-	-	-	-	-	-	-	-	-	-	117,213
Debt service principal and interest	-	-	-	-	-	-	792,007	-	-	-	-	-	792,007
Capital outlay	68,385	-	-	-	-	2,000,000	-	-	3,570,481	-	-	-	5,638,866
Utility operating expenses	525,240	-	-	-	-	-	-	-	-	-	-	-	525,240
Other disbursements	1,856,708	-	21,716	68,400	-	-	-	-	-	-	-	-	1,946,824
Total disbursements	2,567,546	-	21,716	68,400	-	2,000,000	792,007	-	3,570,481	-	-	-	9,020,150
Excess (deficiency) of receipts over disbursements	(592,831)	19,078	180,299	134,413	202,920	-	130,053	195,363	-	182,612	48,990	146,969	647,866
Cash and investments - ending	\$ 1,396,596	\$ 210,821	\$ 288,081	\$ 269,493	\$ 314,633	\$ -	\$ 725,821	\$ 408,863	\$ -	\$ 386,198	\$ 1,060,075	\$ 3,180,223	\$ 8,240,804

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2023

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<u>Type</u>	<u>Description of Debt</u> <u>Purpose</u>	<u>Ending Principal Balance</u>	<u>Principal Due Within One Year</u>
Enterprise Operating:			
Revenue bonds	Taxable Sewage Works Revenue Bonds Series 2021A	\$ 13,940,000	\$ 630,000
Revenue bonds	Taxable Sewage Works Special Revenue Bonds Series 2021B	3,000,000	-
Totals		\$ 16,940,000	\$ 630,000

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WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2023

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Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Enterprise Operating:	
Land	\$ 226,959
Buildings	1,066,808
Improvements other than buildings	4,966,870
Machinery, equipment, and vehicles	<u>1,979,313</u>
 Total Enterprise Operating	 <u>8,239,950</u>
 Total capital assets	 <u>\$ 8,239,950</u>

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
STATE REPORTING INFORMATION  
December 31, 2023

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The reports presented herein were prepared in addition to another official report prepared for the District as listed below:

Indiana State Board of Accounts Compliance Examination of Western Wayne Regional Sewage District.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual for Special Districts*.

**SUPPLEMENTARY INFORMATION**

WESTERN WAYNE REGIONAL SEWER DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2023

Federal Grantor Agency <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of the Treasury</u> COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Western Wayne Regional Sewer District BOT (SWIF)	Indiana Finance Authority	21.027	WW19266502	\$ _____ -	\$ <u>2,000,000</u>

See accompanying notes to the schedule of expenditure of federal awards.

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2023

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**NOTE 1 - BASIS OF PRESENTATION**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Western Wayne Regional Sewage District (the "District") under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the District, it is not intended to and does not present the receipts, disbursements, and cash and investment balances – regulatory basis of the District.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**NOTE 2 - INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - OTHER INFORMATION**

The District did not have any subrecipient activity for the year ended December 31, 2023.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Those Charged with Governance  
Western Wayne Regional Sewage District  
Wayne County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Western Wayne Regional Sewage District ("District"), which comprise the statement of receipts, disbursements, and cash and investment balances of the District as of and for the year ended December 31, 2023 and the related notes to the financial statement, which collectively comprise the District's financial statement, and have issued our report thereon dated March 28, 2025.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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(Continued)

## District's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
March 28, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE

Those Charged with Governance  
Western Wayne Regional Sewage District  
Wayne County, Indiana

**Report on Compliance for Major Federal Program**

***Opinion on Major Federal Program***

We have audited Western Wayne Regional Sewage District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended December 31, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

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(Continued)

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
March 28, 2025

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 December 31, 2023

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**Section I – Summary of Auditor’s Results**

***Financial Statement***

Type of auditor’s report issued:	Adverse as to GAAP, Unmodified as to regulatory basis		
Internal control over financial reporting:			
Material weakness(es) identified?	<u>  X  </u>	Yes	_____ No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u>  X  </u> None Reported
Noncompliance material to financial statement noted?	_____	Yes	<u>  X  </u> No

***Federal Awards***

Internal control over major programs:			
Material weakness(es) identified?	_____	Yes	<u>  X  </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u>  X  </u> None Reported
Type of auditor’s report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	_____	Yes	<u>  X  </u> No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____	Yes	<u>  X  </u>	No
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(Continued)

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2023

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**Section II – Financial Statement Findings**

**FINDING 2023-001**

Subject: Preparation and Review of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness

**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 Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:  
. . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

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(Continued)

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2023

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**Section II – Financial Statement Findings** (Continued)

**FINDING 2023-001** (Continued)

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the assistance listing number (ALN) or other identifying number when the ALN information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

**Condition:** The District did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

**Cause:** Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

**Context:** For the year ended December 31, 2023, the District had not submitted a SEFA to the Indiana Gateway for Government Units financial reporting system. The District did not report \$2,000,000 of federal expenditures from the Coronavirus State and Local Fiscal Recover Funds (21.027).

An audit adjustment was proposed, accepted by the District, and made to the SEFA to correct the issue noted above.

**Effect:** Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the error identified in the Context section.

**Identification as a repeat finding, if applicable:** No. Not a repeat finding.

**Recommendation:** We recommend that the District's management establish a formal review over the SEFA to ensure amounts reported are accurate. The District should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the underlying detail each year.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding and has prepared a corrective action plan.

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(Continued)

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2023

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**Section II – Financial Statement Findings** (Continued)

**FINDING 2023-002**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness

**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. . . .

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

"The state examiner shall require from every audited entity 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."

**Condition:** The District did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

**Cause:** Management had not established a system of internal control that would have ensured proper reporting of the AFR.

**Context:** The District had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the District's financial statement. The information was not reviewed in enough detail to prevent the following errors in the financial statement:

- 1) Receipts and disbursements were each understated by \$2,000,000 for funds related to Indiana Finance Authority distributions for the State Water Infrastructure Fund (SWIF) award under the State and Local Fiscal Recovery Funds grant.
- 2) The following funds were excluded from the AFR:
  - a. SRFWW Western Wayne RSD B&I
  - b. SRFWW Western Wayne Reserve 2021A
  - c. SRFWW Western Wayne 2021A
  - d. SRFWW Western Wayne Spec Rev B&I
  - e. SRFWW Western Wayne Local Construction 2021
  - f. SRFWW Western Wayne Reserve 2021B

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(Continued)

WESTERN WAYNE REGIONAL SEWAGE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2023

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**Section II – Financial Statement Findings** (Continued)

**FINDING 2023-002** (Continued)

Across these six funds, the opening cash balance as of January 1, 2023 was understated by \$5,057,193. For the period of January 1, 2023 through December 31, 2023, receipts and disbursements were understated by \$5,066,475 and \$4,362,488, respectively.

- 3) Transfers of \$1,253,234 from the Enterprise Operating Wastewater Operating fund to the SRFWW Western Wayne funds noted in item 2 above were excluded from the AFR.

Audit adjustments were proposed, accepted by the District, and made to the financial statement to correct the errors noted above.

**Effect:** Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the Context section.

**Identification as a repeat finding, if applicable:** Not a repeat finding.

**Recommendation:** We recommend that the District's management establish a formal review over the AFR financial statement submission to ensure amounts reported are accurate and agree to underlying fund ledgers.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding and has prepared a corrective action plan.

**Section III – Federal Awards Findings and Questioned Costs**

None noted.

**WESTERN WAYNE REGIONAL SEWAGE DISTRICT**

200 SOUTH PLUM STREET  
CAMBRIDGE CITY, INDIANA 47327  
(765) 478-3788

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS  
December 31, 2023

**FINDING 2023-001**

Subject: Preparation and Review of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness

**Condition:** The District did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

**Context:** For the year ended December 31, 2023, the District had not submitted a SEFA to the Indiana Gateway for Government Units financial reporting system. The District did not report \$2,000,000 of federal expenditures from the Coronavirus State and Local Fiscal Recover Funds (21.027).

**Description of Corrective Action Plan:** The District will implement a system of internal controls over the SEFA preparation and review process. The outsourced accountant will prepare the SEFA and the Plant Superintendent will approve the SEFA prior to submission to the Indiana Gateway Portal.

**Anticipated Completion Date:** The outsourced accountant and Plant Superintendent will be responsible for implementing the corrective action plan, which will start with the submission of the 2025 SEFA.

**FINDING 2023-002**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness

**Condition:** The District did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

**Context:** The District had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the District's financial statement. The information was not reviewed in enough detail to prevent the following errors in the financial statement:

- 1) Receipts and disbursements were each understated by \$2,000,000 for funds related to Indiana Finance Authority distributions for the State Water Infrastructure Fund (SWIF) award under the State and Local Fiscal Recovery Funds grant.
- 2) The following funds were excluded from the AFR:
  - a. SRFWW Western Wayne RSD B&I
  - b. SRFWW Western Wayne Reserve 2021A
  - c. SRFWW Western Wayne 2021A

- d. SRFWW Western Wayne Spec Rev B&I
- e. SRFWW Western Wayne Local Construction 2021
- f. SRFWW Western Wayne Reserve 2021B

Across these six funds, the opening cash balance as of January 1, 2023 was understated by \$5,057,193. For the period of January 1, 2023 through December 31, 2023, receipts and disbursements were understated by \$5,066,475 and \$4,362,488, respectively.

- 3) Transfers of \$1,253,234 from the Enterprise Operating Wastewater Operating fund to the SRFWW Western Wayne funds noted in item 2 above were excluded from the AFR.

**Description of Corrective Action Plan:** The District will implement a system of internal controls over the AFR preparation and review process. The outsourced accountant will prepare the AFR and the Plant Superintendent will review the AFR prior to submission to the Indiana Gateway Portal. The Plant Superintendent will ensure the AFR agrees to the underlying detail.

**Anticipated Completion Date:** The outsourced accountant and Plant Superintendent will be responsible for implementing the corrective action plan, which will start with the submission of the 2025 AFR.