

STATE BOARD OF ACCOUNTS
302 West Washington Street
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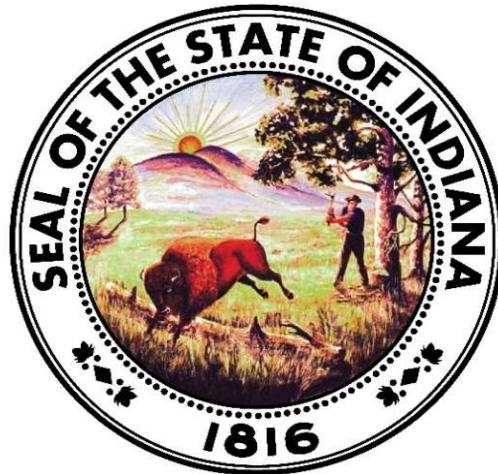
COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT

BLACKFORD COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
07/31/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sheila Hyer	01-01-19 to 12-31-24
President of the District Board	Collin Green Ethan Cox	01-01-19 to 12-31-21 01-01-22 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE JACKSON TOWNSHIP REGIONAL
SEWER DISTRICT, BLACKFORD COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Jackson Township Regional Sewer District (District), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the District as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the District's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Sheila Hyer, Treasurer, and Zach Crouch, Vice President of the District Board, on July 23, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 13, 2024

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place resulting in noncompliance in the following engagement areas:

- Adoption of, and Training and Certification on, Internal Control Standards
- Annual Financial Report
- Annual Financial Report Filed after Due Date
- Capital Assets
- Deposits
- Monthly and Annual Uploads

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. . . ."

ADOPTION OF, AND TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B54734, entitled *ADOPTION OF INTERNAL CONTROL STANDARDS*.

Condition and Context

The District had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts (SBOA).

The District could not provide documentation that officers whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the District, had received training over internal control standards that was developed or approved by the SBOA.

The District's Indiana Gateway for Government Units financial reporting system certification of the adoption of and training on the acceptable minimum level of internal control standards was made incorrectly for 2021, 2022, and 2023. The District certified that they had adopted and received training on internal control standards; however, the District was unable to provide evidence supporting these certifications.

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT
COMMENTS
(Continued)

Criteria

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](#)."

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway contained the following errors:

Financial Statement

Variances between the AFR and the District's financial records were identified in 2021, 2022, and 2023. The Operating Fund had no receipt or disbursement data entered for 2021. The Grant fund was not reported in the AFR for 2021, 2022, and 2023.

Adjustments were proposed, accepted by the District, and made to the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in this report.

Capital Assets

A detailed capital asset listing or policy was not provided by the District. The District reported \$883,554 in assets for 2023. We were unable to verify the amounts reported without a capital asset listing.

Accounts Payable and Receivable

The payables and receivables information was reported incorrectly, based upon each year's total receipts and disbursements instead of the appropriate accounts payable and receivable information.

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT
COMMENTS
(Continued)

Criteria

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](#)."

ANNUAL FINANCIAL REPORT FILED AFTER DUE DATE

The same comment also appeared in prior Report B54734.

Condition and Context

The District did not timely file the Annual Financial Report with the Indiana State Board of Accounts through the Indiana Gateway for Government Units financial reporting system for 2019, 2020, 2021, 2022, and 2023. The 2019 report was filed July 6, 2020, which was 126 days past the due date. The 2020 report was filed April 1, 2021, which was 31 days past the due date. The 2021 report was filed April 4, 2022, which was 34 days past the due date. The 2022 report was filed March 2, 2023, which was 1 day past the due date. The 2023 report was filed April 24, 2024, which was 55 days past the due date.

Criteria

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](#)."

CAPITAL ASSETS

Condition and Context

The District has not adopted a capital asset policy and did not properly maintain a complete listing of all capital assets owned which reflected their acquisition value. Additionally, the District did not complete a physical inventory at least every two years.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT
COMMENTS
(Continued)

DEPOSITS

The same comment also appeared in prior Report B54734.

Condition and Context

The District was not making deposits of receipts on the business day following the receipt of funds. Some receipts were being held for as long as a month prior to deposit.

Criteria

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 . . ."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, approved Township Board minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The District did not comply with the State Examiner Directive and did not timely upload any of the monthly files on the Indiana Gateway for Government Units financial reporting system for the engagement years 2019 to 2023. In addition, no annual files were uploaded for the engagement years 2019 to 2023.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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. (State Examiner Directive 2018-1)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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JACKSON TOWNSHIP REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Grant	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -	\$ -
Operating Fund	<u>3,815</u>	<u>25,228</u>	<u>23,375</u>	<u>5,668</u>	<u>220,531</u>	<u>29,069</u>	<u>197,130</u>
Totals	<u>\$ 3,815</u>	<u>\$ 55,228</u>	<u>\$ 53,375</u>	<u>\$ 5,668</u>	<u>\$ 220,531</u>	<u>\$ 29,069</u>	<u>\$ 197,130</u>

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Grant	\$ -	\$ 549,100	\$ 174,027	\$ 375,073	\$ -	\$ 9,536	\$ 365,537
Jackson Township Regional Sewer District Operating Fund	197,130	25,769	219,371	3,528	24,165	19,079	8,614
Totals	<u>\$ 197,130</u>	<u>\$ 574,869</u>	<u>\$ 393,398</u>	<u>\$ 378,601</u>	<u>\$ 24,165</u>	<u>\$ 28,615</u>	<u>\$ 374,151</u>

JACKSON TOWNSHIP REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Grant	\$ 365,537	\$ -	\$ 46	\$ 365,491
Jackson Township Regional Sewer District Operating Fund	<u>8,614</u>	<u>24,968</u>	<u>30,737</u>	<u>2,845</u>
Totals	<u>\$ 374,151</u>	<u>\$ 24,968</u>	<u>\$ 30,783</u>	<u>\$ 368,336</u>