

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SCOTT COUNTY REGIONAL SEWER DISTRICT
SCOTT COUNTY, INDIANA
January 1, 2011 to December 31, 2014



FILED
06/29/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Clara L. Adkins	01-01-11 to 12-31-16
President of the Board	Larry E. Bower	01-01-11 to 05-03-11
	Joe Gibson	05-04-11 to 12-31-11
	Randall D. Moffett	01-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SCOTT COUNTY REGIONAL
SEWER DISTRICT, SCOTT COUNTY, INDIANA

This report is supplemental to our examination report of the Scott County Regional Sewer District (District), for the period from January 1, 2011 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 Statements Examination Report of the District, which provides our opinion on the District's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

March 16, 2016

SCOTT COUNTY REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORTS

The Annual Financial Reports (AFR) for 2011, 2012, 2013, and 2014 did not properly reflect the financial activity of the District. The AFRs were used to compile the District's financial statements. Financial activity was reported in the financial statements for the Bond and Interest Fund that was not reflected in the financial records. Adjustments were presented to and approved by the District and made to the financial statements to fairly present the financial activity of the District.

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."

COMPENSATION AND BENEFITS

Compensation and benefits were paid to the Board members through vendors claims and reported on Internal Revenue Service (IRS) Form 1099-MISC. This should have been paid through the payroll system, with applicable withholdings, and reported on IRS Form W-2. The compensation and benefits paid to the five Board members were \$12,875, \$13,600, \$13,100, and \$14,642 for the years 2011, 2012, 2013, and 2014, respectively.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Non-compliance may require corrective action.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

INVESTING PROCEDURES

No record of quotes taken for investments in certificates of deposit was presented for examination.

SCOTT COUNTY REGIONAL SEWER DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-9-4(b) states:

"The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. If the deposit is not placed in the designated depository quoting the highest rate of interest, the investing officer shall:

- (1) place the deposit in the depository quoting the second or third highest rate of interest;
and
- (2) note the reason for placing the deposit on the memorandum of quotes."

A similar comment appeared in prior Reports B29610, B33848, and B39697.

OFFICIAL BONDS

The District did not have sufficient bond coverage during the period January 1, 2011 to December 31, 2014, based on the Cause Number that established the District. Bond coverage was obtained in the amount of \$90,000 for 2014; however, based upon receipts during the period reviewed, bond coverage should have ranged from \$375,000 to \$1,067,000.

Indiana Code 13-26-2-10(b) states in part:

"An order must do the following . . .

- (2) Provide requirements for sufficient bonds for all officers, trustees, or employees having power to dispense money of the district."

Cause Number B-202 approved by the Indiana Stream Pollution Control Board on March 20, 1973, that established the District states:

"The Scott County Township Regional District shall provide sufficient bond for all officers, Trustees, or employees who have any power to dispense funds of the district. Said bond, as a minimum, shall be in an amount equal to, plus ten percent (10%) of, those funds received by the district during a fiscal year of the district, which amount shall be determined annually by the Board of Trustees."

SCOTT COUNTY REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2106, with Randall D. Moffett, President of the Board; Clara L. Adkins, Treasurer; and Casey W. Saegesser, Bookkeeper.