

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

E.C.I. REGIONAL PLANNING DISTRICT

DELAWARE COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED
02/14/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Roy Budd	01-01-13 to 04-30-14
	Pam Price	05-01-14 to 12-31-16
	Bill Walters	01-01-17 to 12-31-18
Treasurer	Bill Hess	01-01-13 to 12-31-13
	Lisa Dominisse	01-01-14 to 12-31-14
	Mike Burton	01-01-15 to 12-31-18
President of the District Board	Mike Burton	01-01-13 to 08-11-14
	Bill Hess	08-12-14 to 12-31-18



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE E.C.I. REGIONAL PLANNING DISTRICT, DELAWARE COUNTY, INDIANA

We have reviewed the accompanying financial statements of the E.C.I. Regional Planning District (District), for the period of January 1, 2013 to December 31, 2017. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the District's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Library uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

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

December 19, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

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E.C.I. REGIONAL PLANNING DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2013 and 2014

<u>Fund</u>	<u>Cash and Investments 01-01-13</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-13</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-14</u>
Operating	\$ 57,552	\$ 403,446	\$ 390,935	\$ 70,063	\$ 519,093	\$ 565,106	\$ 24,050
Totals	<u>\$ 57,552</u>	<u>\$ 403,446</u>	<u>\$ 390,935</u>	<u>\$ 70,063</u>	<u>\$ 519,093</u>	<u>\$ 565,106</u>	<u>\$ 24,050</u>

The notes to the financial statements are an integral part of this statement.

E.C.I. REGIONAL PLANNING DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2015 and 2016

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Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15	Receipts	Disbursements	Cash and Investments 12-31-16
Operating	\$ 24,050	\$ 170,899	\$ 163,395	\$ 31,554	\$ 121,297	\$ 152,318	\$ 533
Totals	<u>\$ 24,050</u>	<u>\$ 170,899</u>	<u>\$ 163,395</u>	<u>\$ 31,554</u>	<u>\$ 121,297</u>	<u>\$ 152,318</u>	<u>\$ 533</u>

The notes to the financial statements are an integral part of this statement.

E.C.I. REGIONAL PLANNING DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

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Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
Operating	\$ 533	\$ 171,241	\$ 168,532	\$ 3,242
Totals	<u>\$ 533</u>	<u>\$ 171,241</u>	<u>\$ 168,532</u>	<u>\$ 3,242</u>

The notes to the financial statements are an integral part of this statement.

E.C.I. REGIONAL PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under a governing board.

The accompanying financial statements present the financial information for the District.

B. Basis of Accounting

The financial statements are 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 regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, 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.

C. 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.

D. Receipts

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

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Other receipts. Amounts received from various sources, including, but not limited to, the following: interest, net proceeds from borrowings; interfund loan activity.

E.C.I. REGIONAL PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. 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.

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: reimbursements and loan payments

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. 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. 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.

E.C.I. REGIONAL PLANNING DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. 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 District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 5. Pension Plan

The District contributes to a pension plan that is unique to the District. Information regarding this plan may be obtained from the District.

E.C.I. REGIONAL PLANNING DISTRICT
RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

There were deficiencies in the internal control system of the District related to financial transactions and reporting. The District had not developed an adequate internal control system that would prevent or detect errors in the financial information reported in the Annual Financial Report (AFR). During the review, we identified that receipts and disbursements were understated by:

<u>Years</u>	<u>Receipts</u>	<u>Disbursements</u>
2013	\$ 95,560	\$ 94,704
2014	14,186	15,072
2015	3,646	1,985
2016	8,585	8,275
2017	4,052	4,558

Review adjustments were proposed, accepted by the District, and made to the AFR and the financial statements presented within this report.

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 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](#)."

ADOPTION OF INTERNAL CONTROL STANDARDS

Documentation that the District has adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts were not provided.

E.C.I. REGIONAL PLANNING DISTRICT
RESULTS AND COMMENTS
(Continued)

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."

TRAINING ON INTERNAL CONTROL STANDARDS

Documentation that District employees, whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had received training over internal control standards that was developed or approved by the Indiana State Board of Accounts was not provided.

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The District certified on the Indiana Gateway for Government Units financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, during the engagement, documentation that the District had adopted the minimum internal control standards and that all personnel had received training concerning the internal control standards was not provided.

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

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

E.C.I. REGIONAL PLANNING DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2018, with Bill Walters, Director, and Bill Hess, President of the District Board.