



STATE OF INDIANA
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March 8, 2019

Board of Trustees
Lake Santee Regional Waste and Water District
13 SW Wrenn Parkway
Greensburg, IN 47240

This report is supplemental to the audit report of the Lake Santee Regional Waste and Water District (District), for the period from January 1, 2017 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Lake Santee Regional Waste and Water District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains three Examination Findings and Results. Management's response may be found on page 5.

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

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

**COMPLIANCE EXAMINATION OF
LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT**

Decatur County, Indiana
January 1, 2017 to December 31, 2017

LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT

Decatur County, Indiana
January 1, 2017 to December 31, 2017

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LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT
SCHEDULE OF OFFICIALS
January 1, 2017 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent/Operator	Brandon Litmer	01-01-17 to 12-31-17
Utility Administrator	Bradley Jones	01-01-17 to 12-31-17
Treasurer	Greg Montgomery Kathy Tarzwell	01-01-17 to 09-20-17 09-21-17 to 12-31-17
President of the Board	Frank Erdosy	01-01-17 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Lake Santee Regional Waste and Water District

We have examined Lake Santee Regional Waste and Water District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2017, to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

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

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

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2017 to December 31, 2017, as described in items 2018-001, 2018-002 and 2018-003 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2017 to December 31, 2017.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.



Crowe LLP

Indianapolis, Indiana
November 30, 2018

LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2017 to December 31, 2017

FINDING 2018-001: BANK ACCOUNT RECONCILIATION REVIEW

Criteria: Indiana Code 5-13-6-1(e) states, "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Condition: During testing, we noted that bank reconciliations are prepared on a monthly basis but are not subject to review by the Board or otherwise independently reviewed and approved.

FINDING 2018-002: MISSTATEMENT OF ANNUAL FINANCIAL REPORT

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

Condition: During testing, we noted that receipts and disbursements were materially misstated on the annual financial report. Specifically, the following receipts and disbursements were understated. We noted this is a recurring finding.

<u>Receipts</u>	
Transfers in	\$ 190,404
Interest receipts	186
Utility fees	<u>104,283</u>
	<u>\$ 294,873</u>
 <u>Disbursements</u>	
Transfers out	\$ 254,920
Other disbursements	5,150
Utility operating expenses	<u>34,803</u>
	<u>\$ 294,873</u>

FINDING 2018-003: APPROVAL OF TRANSFERS

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: "*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...*"

Condition: During testing of transfers, we noted the Unit does not have formal, written documentation that transfers were properly approved during the period under audit.

LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT
EXIT CONFERENCE
January 1, 2017 to December 31, 2017

The contents of this report were discussed on November 30, 2018, with Brittany Green, Manager and Utility Administrator. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

Lake Santee Regional Waste & Water District

13 SW Wrenn Parkway
Greensburg, IN 47240
812 527-2943

December 20, 2017

CAP RWWD Audit 2017 Fiscal Year			
Finding/Deficiency	Condition	Correction	Date Of Correction
Finding 2018-001: Bank Account Reconciliation Review	During testing, we noted that bank reconciliations are prepared on a monthly basis but are not subject to review by Board or otherwise independently reviewed and approved.	Bank reconciliations will be prepared by office staff and reviewed and formally signed off on by Board president or Board Trustees monthly.	Jan-18
Finding 2018-002: Misstatement of Annual Financial Report	During testing we noted that receipts and disbursements were materially misstated on the annual financial report. Specifically with regard to transfers. Recurring finding.	We have corrected our QuickBooks process of transfers. We corrected this in 2017, however, the issue was carried forward from the 2016 year end. Our accounts are now tied to actual accounts , therefore bank statements and QuickBooks will match moving forward.	Initial correction made in Jan 2018, will show improvement in 2018 year audit.
Finding 2018-003: Approval of Transfers	During testing of transfers, we noted the Unit does not have formal, written documentation that transfers were properly approved during the period under audit.	Transfers will be approved and signed off on by Board annually and any adjustments in transfer amount will be signed off on by Board member.	Jan-19