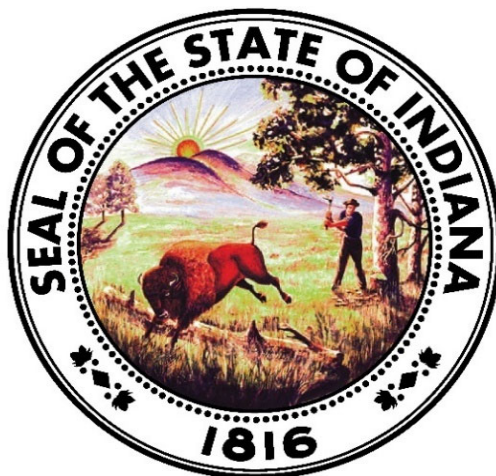


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT
OF
WEST LAKES REGIONAL SEWER DISTRICT
NOBLE COUNTY, INDIANA
January 1, 2020 to December 31, 2021



FILED
12/06/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Charlene Bock	01-01-20 to 12-31-22
President of the District Board	Daryl Minter	01-01-20 to 12-31-22



STATE OF INDIANA
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TO: THE OFFICIALS OF THE WEST LAKES REGIONAL SEWER DISTRICT, NOBLE COUNTY, INDIANA

This report is supplemental to our audit report of the West Lakes Regional Sewer District (District), for the period from January 1, 2020 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statement Audit Report of the District, which provides our opinions on the District's financial statement. 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 21, 2022

WEST LAKES REGIONAL SEWER DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There was a deficiency in the internal control system of the District related to receipts.

The District designed a system of internal control over receipts; however, evidence of an oversight, review, or approval process was not evident for 7 of 10 deposits reviewed.

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. . . ."

CAPITAL ASSETS

Condition and Context

The District did not have a capital asset policy that details the threshold at which an item is considered a capital asset. The District did maintain a detailed listing of its capital assets that reflected the acquisition value; however, the listing was incomplete for assets acquired prior to 2015. As a result, a complete physical inventory was not conducted.

WEST LAKES REGIONAL SEWER DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

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)

SUPPLEMENTAL SCHEDULES IN ANNUAL FINANCIAL REPORT

Condition and Context

The Schedule of Leases and Debt in the Annual Financial Report, as reported on the Indiana Gateway for Government Units financial reporting system, contained errors.

The District did not accurately report Ending Principal Balances and Principal and Interest Due Within One Year. The Ending Principal Balance for the Sewage Works Refunding Revenue Bonds of 2016 was understated by \$230,789, and the Principal and Interest Due Within One Year was overstated by \$103,327. The Ending Principal Balance for the State Revolving Fund Sewer Loan was understated by \$1,461.

Adjustments were proposed, accepted by the District, and made to the Schedule of Leases and Debt presented in the Financial Statement Audit Report.

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](#)."

WEST LAKES REGIONAL SEWER DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2022, with Carrie Chavis, Fiscal Officer, and Daryl Minter, President of the District Board.