

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

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



**FILED**  
04/22/2016



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lisa R. Vaal Delores M. Balbach	01-01-11 to 02-11-16 02-12-16 to 12-31-16
President of the Board	Edwin Balbach Mary Joanne Lehr	01-01-11 to 03-31-15 04-01-15 to 12-31-16



**STATE OF INDIANA**  
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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE MARIAH HILL REGIONAL  
SEWER DISTRICT, SPENCER COUNTY, INDIANA

This report is supplemental to our examination report of the Mariah Hill Regional Sewer District (Regional Sewer 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 Regional Sewer District. It should be read in conjunction with our Financial Statements Examination Report of the Regional Sewer District, which provides our opinion on the Regional Sewer District's financial statements. This report may be found at [www.in.gov/sboa/](http://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 2, 2016

MARIAH HILL REGIONAL SEWER DISTRICT  
EXAMINATION RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

The Annual Financial Report for 2011 was not filed electronically within 60 days of year end; it was filed July 10, 2012.

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."

**ERRORS ON CLAIMS**

A sample of claims identified the following deficiencies:

1. Invoices or bills were not presented for all disbursements sampled.
2. Of the claims sampled, several did not have adequate supporting documentation.
3. All of the claims sampled did not have proper board approval. They were approved in the Board minutes, but no Accounts Payable Voucher (Form 354) or Accounts Payable Voucher Register (Form 364) was used for the Board's signature to approve the claims.
4. All of the claims sampled did not have proper approval by the Fiscal Officer.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Because the term "itemized" has not been defined in the Indiana Code, we have recommended the following as a guide to local officials responsible for the approval and payment of claims: A claim to be properly itemized should show the kind of service, where performed, date service rendered, by whom, rate per day, number of hours, rate per hour, price per foot, per yard, per hundred, per pound, per ton, etc. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 20)

MARIAH HILL REGIONAL SEWER DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**CONTRACTS**

Payments totaling \$15,840 were for bookkeeping services in 2011, 2012, 2013, and 2014. A contract was not written or presented for audit for these services.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

**SEWAGE FEES COLLECTIONS AND DEPOSITS**

During the sampling of sewage collection receipts, the following deficiencies were noted in several instances:

1. Receipts were deposited later than the next business day.
2. Sewage utility bill paid stubs, used in lieu of receipts, did not designate whether the collection was by check or cash.
3. Sewage utility bill paid stubs, bound by day, did not add up and agree with the deposit. In these instances, the paid bill stubs were not retained for examination or the paid bills stubs did not indicate the amount paid if different than the balance due printed on the stub.
4. Collections could not be traced to the Customer Activity Reports or were posted for a different amount than that shown on the paid bill stub.

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 . . ."

The statute also provides public funds deposited shall be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision must be deposited intact. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 15)

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

MARIAH HILL REGIONAL SEWER DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on March 2, 2016, with Sara Arnold, Board member; Kenneth J. Koenig, Board member; Stanley J. Jochim, Board member; Lisa R. Vaal, former Treasurer; Christine L. Zimmerman, Board member; Rick F. Lambeck, Board member; and Delores M. Balbach, Treasurer.