

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

COMPLIANCE EXAMINATION REPORT

OF

TRICO REGIONAL SEWER UTILITY

HAMILTON COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED

11/22/2023



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

November 22, 2023

To: The Officials of the TriCo Regional Sewer Utility
TriCo Regional Sewer Utility
7236 Mayflower Park Drive
Zionsville, IN 46077

This report is supplemental to the audit report of the TriCo Regional Sewer Utility (Utility), for the period from January 1, 2018 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the Utility. It should be read in conjunction with the financial statement audit report of the Utility, which provides an opinion on the Utility'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 Utility 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 the TriCo Regional Sewer Utility prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2018 to December 31, 2022. 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 finding in the report on page 3.

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

Tammy R. White, CPA
Deputy State Examiner

TRICO REGIONAL SEWER UTILITY

Hamilton County, Indiana
January 1, 2018 to December 31, 2022

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TRICO REGIONAL SEWER UTILITY
SCHEDULE OF OFFICIALS
For the period January 1, 2018 to December 31, 2022

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------|------------------|----------------------|
| Director | Andrew Williams | 01-01-18 to 12-31-22 |
| President of the Board | Marilyn Anderson | 01-01-18 to 12-31-19 |
| | Carl Mills | 01-01-20 to 12-31-22 |

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Trico Regional Sewer Utility

We have examined TriCo Regional Sewer Utility's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2018 to December 31, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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, 2018 to December 31, 2022, as described in item 2022-001 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, 2018 to December 31, 2022.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
November 13, 2023

TRICO REGIONAL SEWER UTILITY
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2018 to December 31, 2022

FINDING 2022-001: BANK ACCOUNT RECONCILIATION REVIEW

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. . . ."*

Condition: During testing, we noted that the Unit prepares bank reconciliations on a monthly basis. However, these are not reviewed by a member of the Board.

TRICO REGIONAL SEWER UTILITY
EXIT CONFERENCE
January 1, 2018 to December 31, 2022

The contents of this report were discussed on November 13, 2023 with Carl Mills, President of the Board, Andrew Williams, Director, and Cindy Sheeks, Controller.



TriCo Regional Sewer Utility

www.TriCo.eco Phone (317) 844-9200 Fax (317) 844-9203

November 13, 2023

Crowe LLP
3815 River Crossing Pkwy Suite 300
Indianapolis, IN 46240

Ladies and Gentlemen:

This letter is in response to the findings identified in the compliance examination for January 1, 2018 to December 31, 2022.

Response to Finding 2018-001: Bank Account Reconciliation Review

The Utility has a bank reconciliation monthly review between the controller and the director. It is the Utility's position a review by the director would be the appropriate action. A sign off line has been added to the cover of the bank reconciliation to document this monthly review (see attached sample).

Sincerely,

Andrew Williams
Utility Director

TriCo Regional Sewer Utility October 2023

| <u>Per Books</u> | | | |
|----------------------|-------------------------------------|---------------|----------------------|
| | Plant Expan | 1201-1 | (50,870.58) |
| | Interceptor fund | 1203-1 | (491,473.31) |
| Cash less | Oper Reserve fund | 1205-1 | 17,150.00 |
| <u>moneymkt</u> | Reserve for Repl | 1207-1 | (1,079,793.07) |
| 5,136,253.60 | Operating fund | 1301-1 | (106,019.25) |
| | MoneyMkt-Operating | 1302-1 | 3,695,016.77 |
| | MoneyMkt-Plant Exp | 1303-1 | 2,845,949.50 |
| | MoneyMkt-Interceptor | 1304-1 | 0.00 |
| | MoneyMkt-Oper Res | 1305-1 | 502,102.00 |
| | MoneyMkt-Res for Rep | 1306-1 | 302,800.00 |
| | Inv-Operating Reserve | 1232-1 | 0.00 |
| | Inv-Operating | 1331-1 | 0.00 |
| <u>Bond proceeds</u> | Huntington DSR | 1317 | 4,995.00 |
| 74,386.61 | Huntington Proceeds | 1315 | 0.00 |
| | Federated DSR | 1318 | 1,767,678.20 |
| | Federated Proceeds | | - |
| | MM Merchants Bond Pro | 1316 | 74,386.61 |
| | Investments | | 5,000,000.00 |
| | Petty cash | | 200.00 |
| | | total | <u>12,482,121.87</u> |
| | | | - |
| | | | - |
| | ACH deposits not to bank curr month | | (2,252.69) |
| | | | - |
| | | total | <u>12,479,869.18</u> |
| <u>Bank Balances</u> | | | |
| | Citizens State Bank | Checking Acct | 779,135.66 |
| Cash less MM | 755,836.53 | | - |
| | Fifth Third = | Investments | - |
| | 0.00 | | |
| | Citizens State Bank | Money Market | 262,161.86 |
| | Merchants= | Money Market | 3,247,232.90 |
| | 4,691,450.28 | Money Market | 1,444,217.38 |
| | Fifth Third Securities | US Treasuries | 5,000,000.00 |
| Merch + Citizens+ | 1,041,297.52 | Money Market | - |
| DRS | Huntington DSR | Money Market | 4,995.00 |
| 4,995.00 | Huntington Proceeds | Checking Acct | - |
| Bond proceeds | Federated DSR | Money Market | - |
| 1,767,678.20 | Federated Proceeds | Money Market | 1,767,678.20 |
| | | | |
| | less: outstanding chks* | | <u>(\$25,551.82)</u> |
| | adj. Bank balance | | 12,479,869.18 |
| | book balance | | 12,479,869.18 |
| | off | | <u>0.00</u> |

Reviewed by: _____

Date: _____