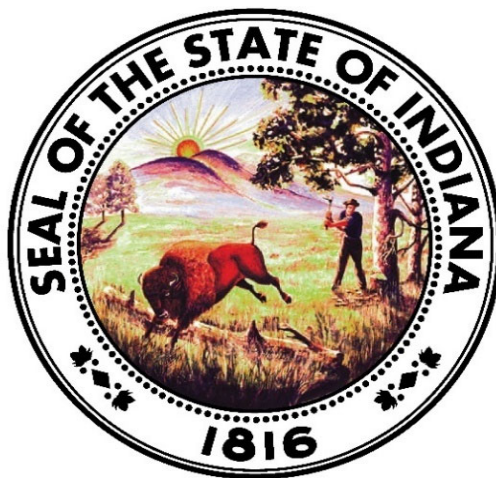


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

COMPLIANCE EXAMINATION REPORT  
OF  
STAR CITY REGIONAL SEWER DISTRICT  
PULASKI COUNTY, INDIANA  
January 1, 2018 to December 31, 2022



**FILED**  
12/11/2023



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
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December 11, 2023

To: The Officials of the Star City Regional Sewer District  
Star City Regional Sewer District  
Pulaski County, Indiana

This report is supplemental to the audit report of the Star City Regional Sewer District (District), 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 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/](http://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 the Star City Regional Sewer District 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 findings in the report on pages 3-5.

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

Tammy R. White, CPA  
Deputy State Examiner

STAR CITY REGIONAL SEWER DISTRICT

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

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STAR CITY REGIONAL SEWER DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2018 to December 31, 2022

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Andrew Zehner	01-01-18 to 12-31-22
President of the Board	George Klein	01-01-18 to 12-31-22

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of the Star City Regional Sewer District

We have examined the Star City Regional Sewer District's ("District") 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 District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District'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 District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District 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 District's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the District during the period January 1, 2018 to December 31, 2022, as described in items 2022-001 through 2022-006 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the District 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  
December 5, 2023

STAR CITY REGIONAL SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**FINDING 2022-001: MISSING GATEWAY UPLOADS**

**Criteria:** The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually by all units:

- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund

**Condition:** During testing, we noted the Unit did not upload any of the required monthly or annual documents to Gateway for the period under audit.

**FINDING 2022-002: CAPITAL ASSETS**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Special Districts states in part, *"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."*

**Condition:** During testing of capital assets, Unit did not have a written policy concerning capital assets and the threshold at which an item is considered a capital asset.

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(Continued)

STAR CITY REGIONAL SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**FINDING 2022-003: ANNUAL FINANCIAL REPORT**

**Criteria:** 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."*

**Condition:** During testing of Annual Financial Report submissions, we noted the 2018 Annual Financial Report was submitted on May 5, 2019, 64 days after the due date. Additionally, we noted the 2019 Annual Financial Report was submitted on May 25, 2020, 84 days after the due date.

**FINDING 2022-004: CERTIFIED REPORT FILED AFTER DUE DATE**

**Criteria:** Indiana Code 5-11-13-1(a) states in part, *"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts . . . The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7."*

**Condition:** During testing of certified reporting, we noted the following 100R were submitted late:

- The 2018 100R was submitted on March 30, 2019, 58 days after the due date
- The 2019 100R was submitted on February 8, 2020, 8 days after the due date
- The 2021 100R was submitted on February 12, 2022, 12 days after the due date
- The 2022 100R was submitted on February 26, 2023, 26 days after the due date

**FINDING 2022-005: CONDITION OF RECORDS - ANNUAL FINANCIAL REPORT (AFR)**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual For Special Districts 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 the District improperly recorded an interbank transfer of \$100,000 as a transfer in and transfer out on the 2022 AFR.

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(Continued)

STAR CITY REGIONAL SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2018 to December 31, 2022

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**FINDING 2022-006: APPROVAL OF DISBURSEMENTS**

**Criteria:** 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. . . ."

**Condition:** During testing of disbursements, we noted that disbursements for each month are approved only after the disbursement had already been made. At their quarterly board meetings, the Board receives the listing of invoices that were paid in the previous three months, reviews, and signs to approve.

STAR CITY REGIONAL SEWER DISTRICT  
EXIT CONFERENCE  
January 1, 2018 to December 31, 2022

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The contents of this report were discussed on November 30, 2023 with Laura Wheeler, Contracted Accountant, Waylon Burke, Board Vice President, and Dalton Grandstaff, Board Member.