

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

COMPLIANCE ENGAGEMENT REPORT

OF

DEARBORN COUNTY REGIONAL SEWER DISTRICT

DEARBORN COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

05/28/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert Lischkge Doug Baer	01-01-19 to 12-31-22 01-01-23 to 12-31-24
President of the District Board	Steve Renihan	01-01-19 to 12-31-24



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

TO: THE OFFICIALS OF THE DEARBORN COUNTY REGIONAL
SEWER DISTRICT, DEARBORN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Dearborn County Regional Sewer District (District), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the District as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the District's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Doug Baer, Treasurer; Kelly Baylor-Shelton, Office Manager; Bill Shelton, District Board member; and Steve Renihan, President of the District Board, on May 20, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 30, 2024

DEARBORN COUNTY REGIONAL SEWER DISTRICT
COMMENTS

CAPITAL ASSETS

Condition and Context

Internal control deficiencies resulted in the following noncompliance related to the District's capital asset records:

- The District did not maintain a detailed listing of its capital assets.
- The District did not have a capital assets policy detailing the threshold at which an item is considered a capital asset.
- The District did not take a complete capital assets inventory at least every two years.

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)

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. . . ."

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Report B53754.

Condition and Context

The District had not adopted the acceptable minimum level of internal control standards required by statute. In addition, the District did not provide the required training to personnel concerning internal control standards and procedures during the engagement period.

DEARBORN COUNTY REGIONAL SEWER DISTRICT
COMMENTS
(Continued)

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Report B53754.

Condition and Context

The District certified on the Indiana Gateway for Government Units financial reporting system that they had adopted the minimum internal control standards defined by Indiana Code 5-11-1-27(e) and that all personnel had received training concerning internal control standards adopted by the District; however, during the course of the engagement, it was determined that the minimum internal control standards had not been adopted and all required personnel had not received the training.

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 as set forth in the uniform compliance guidelines. 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](#)."

ANNUAL GATEWAY UPLOADS

Condition and Context

Internal controls were not in place to ensure that the District complied with State Examiner Directive 2018-1 as amended. The District did not upload into the Indiana Gateway for Government Units financial reporting system any of the required annual files for 2019 through 2023.

DEARBORN COUNTY REGIONAL SEWER DISTRICT
COMMENTS
(Continued)

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

- Year-end bank statement (no longer required after 2019 annual uploads)
- Year-end outstanding check list (no longer required after 2019 annual uploads)
- Year-end investment statements
- Detail of receipts for the year
- Detail of disbursements for the year
- Current year salary ordinance (and Amendments effective beginning with annual uploads of 2020 information)
- Annual vendor history report
- Annual employee earnings record/payroll history report without social security numbers (unless only hand posted records exist)
- Annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund (effective beginning with 2020 information)

Criteria

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. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the 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. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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. . . ."

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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DEARBORN COUNTY REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Dearborn County Regional Sewer District	\$ 304,945	\$ 189,835	\$ 215,826	\$ 278,954	\$ 131,157	\$ 137,548	\$ 272,563
Dearborn County Regional Sewer District W Harrison TIF	9,685	2,693	-	12,378	219	202	12,395
Dearborn County Regional Sewer District State Line Road	20,092	50	-	20,142	123	48	20,217
Dearborn County Regional Sewer District Serenity Ridge	7,551	739	-	8,290	213	202	8,301
Dearborn County Regional Sewer District Wilson Creek	85,296	212	85,508	-	-	-	-
Dearborn County Regional Sewer District High Ridge Expand	496,852	174	108	496,918	-	23,216	473,702
Totals	<u>\$ 924,421</u>	<u>\$ 193,703</u>	<u>\$ 301,442</u>	<u>\$ 816,682</u>	<u>\$ 131,712</u>	<u>\$ 161,216</u>	<u>\$ 787,178</u>

DEARBORN COUNTY REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Dearborn County Regional Sewer District	\$ 272,563	\$ 722,298	\$ 164,094	\$ 830,767	\$ 157,324	\$ 675,709	\$ 312,382
Dearborn County Regional Sewer District W Harrison TIF	12,395	5	-	12,400	5	-	12,405
Dearborn County Regional Sewer District State Line Road	20,217	9	-	20,226	8	-	20,234
Dearborn County Regional Sewer District Serenity Ridge	8,301	4	-	8,305	3	-	8,308
Dearborn County Regional Sewer District High Ridge Expand	473,702	-	450,000	23,702	-	-	23,702
Totals	\$ 787,178	\$ 722,316	\$ 614,094	\$ 895,400	\$ 157,340	\$ 675,709	\$ 377,031

DEARBORN COUNTY REGIONAL SEWER DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Dearborn County Regional Sewer District	\$ 312,382	\$ 707,762	\$ 495,331	\$ 524,813
Dearborn County Regional Sewer District W Harrison TIF	12,405	10	-	12,415
Dearborn County Regional Sewer District State Line Road	20,234	16	-	20,250
Dearborn County Regional Sewer District Serenity Ridge	8,308	7	-	8,315
Dearborn County Regional Sewer District High Ridge Expand	<u>23,702</u>	<u>-</u>	<u>-</u>	<u>23,702</u>
Totals	<u>\$ 377,031</u>	<u>\$ 707,795</u>	<u>\$ 495,331</u>	<u>\$ 589,495</u>