



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B51883

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)

January 22, 2019

Board of Trustees  
Jackson County Regional Sewage District  
P.O.Box 22  
Freetown, IN 47235

This report is supplemental to the audit report of the Jackson County Regional Sewage District (District), for the period from January 1, 2016 to December 31, 2017. 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 Jackson County Regional Sewage District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2017. 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. Page 3 contains four Examination Findings and Results.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**COMPLIANCE EXAMINATION OF  
JACKSON COUNTY REGIONAL SEWAGE DISTRICT**

Jackson County, Indiana  
January 1, 2016 to December 31, 2017

JACKSON COUNTY REGIONAL SEWAGE DISTRICT

Jackson County, Indiana  
January 1, 2016 to December 31, 2017

CONTENTS

SCHEDULE OF OFFICIALS .....	1
INDEPENDENT ACCOUNTANT'S REPORT .....	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2018-001: BANK ACCOUNT RECONCILIATION REVIEW .....	3
2018-002: OFFICIAL BOND .....	3
2018-003: MATERIALITY THRESHOLD .....	3
2018-004: MINIMUM LEVEL OF INTERNAL CONTROLS .....	3
EXIT CONFERENCE .....	4

JACKSON COUNTY REGIONAL SEWAGE DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2016 to December 31, 2017

---

<u>Office</u>	<u>Official</u>	<u>Term</u>
Superintendent	Dan Robertson	01-01-16 to 12-31-17
Treasurer	Marvin Huffman	01-01-16 to 12-31-17
President of the Board of Trustees	Thomas Goecker Glenn Lawyer	01-01-16 to 03-31-16 04-01-16 to 12-31-17

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Jackson County Regional Sewage District

We have examined Jackson County Regional Sewage District's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2016 to December 31, 2017. 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.

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, 2016 to December 31, 2017, as described in items 2018-001 through 2018-004 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, 2016 to December 31, 2017.

  
Crowe LLP

Indianapolis, Indiana  
December 10, 2018

JACKSON COUNTY REGIONAL SEWAGE DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2016 to December 31, 2017

---

**FINDING 2018-001: BANK ACCOUNT RECONCILIATION REVIEW**

**Criteria:** Indiana Code 5-13-6-1(e) states, "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**Condition:** During testing, we noted that bank account reconciliations are prepared on a monthly basis. However, these reconciliations are not reviewed by management or the Board.

**FINDING 2018-002: OFFICIAL BOND**

**Criteria:** Indiana Code 13-26-2-10 states in part, "the commissioner shall issue an order directing that the district be established...(b) An order must do the following:...(2) provide requirements for sufficient bonds for all officers, trustees, or employees having power to dispense money of the district."

**Condition:** During testing, we noted the Unit did not meet the requirements of IC 13-26-2-10 with respect to surety bond requirements.

**FINDING 2018-003: MATERIALITY THRESHOLD**

**Criteria:** SBOA State Examiner Directive 2015-6 requires political subdivisions to develop a materiality threshold policy approved through ordinance or resolution and policies and procedures to administer and report.

**Condition:** During testing, we noted that the Unit had not adopted a materiality threshold for the period under audit.

**FINDING 2018-004: MINIMUM LEVEL OF INTERNAL CONTROLS**

**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:** The Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

JACKSON COUNTY REGIONAL SEWAGE DISTRICT  
EXIT CONFERENCE  
January 1, 2016 to December 31, 2017

---

The contents of this report were discussed on December 10, 2018, with Elizabeth O'Neal, Office Manager, and Glenn Lawyer, President of the Board. The officials acknowledged the findings.