



**STATE OF INDIANA**  
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January 25, 2019

Board of Trustees  
Miami Community Regional Sewage District  
1799 W Cherry Street  
Miami, IN 46959

This report is supplemental to the audit report of the Miami Community Regional Sewage District (District), for the period from January 1, 2015 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 Miami Community Regional Sewage District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2015 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. Pages 3 through 4 contain six Examination Findings and Results.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**COMPLIANCE EXAMINATION OF  
MIAMI COMMUNITY REGIONAL SEWAGE DISTRICT**

Miami County, Indiana  
January 1, 2015 to December 31, 2017

MIAMI COUNTY REGIONAL SEWAGE DISTRICT

Miami County, Indiana  
January 1, 2015 to December 31, 2017

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MIAMI COMMUNITY REGIONAL SEWAGE DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2015 to December 31, 2017

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert C. Appleton	01-01-13 to 12-31-14
	Chris Dodd	01-01-15 to 11-18-15
	Tina Cain	11-19-15 to 12-31-17
President of the Board	Shirley Leazenby	01-01-13 to 03-31-13
	John Stoeckert	04-01-13 to 06-01-14
	John Stoeckert (Interim)	06-02-14 to 09-22-14
	(Vacant)	09-23-14 to 10-13-14
	Richard D. Hostetler	10-14-14 to 12-31-14
	Matt Brennan	01-01-15 to 12-31-17

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Miami Community Regional Sewage District

We have examined Miami Community Regional Sewage District ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2015 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, 2015 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, 2015 to December 31, 2017.

The results of our examination procedures disclosed instances of noncompliance which are described in the accompanying Schedule of Examination Findings and Results as items 2018-005 and 2018-006. Our opinion is not modified with respect to the matters reported in findings 2018-005 and 2018-006.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.

  
Crowe LLP

Indianapolis, Indiana  
December 20, 2018

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MIAMI COMMUNITY REGIONAL SEWAGE DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2015 to December 31, 2017

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**FINDING 2018-001: CONDITION OF RECORDS**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual 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 that the Unit was unable to reconcile the total receipts for each year under audit. In 2015, 2016 and 2017, the amount of receipts on the Annual Financial Report exceed the Unit provided receipt detail by \$482, \$16,395 and \$14,671, respectively. As we were able to confirm ending cash balances, we have passed on posting any adjusting entries.

**FINDING 2018-002: 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 the Unit does have a formal, documented review of bank account reconciliations. The Board informally reviews these on a monthly basis.

**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:** During testing, we noted that the Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

MIAMI COMMUNITY REGIONAL SEWAGE DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2015 to December 31, 2017

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**FINDING 2018-005: 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, we noted the Unit did not submit Annual Financial Reports for 2013 and 2014. As a result, no financial statements were presented and we were unable to test receipts, disbursements and ending cash balances during 2013 and 2014. Therefore, no financial statement audit opinion nor compliance examination opinion was provided over these years.

**FINDING 2018-006: CERTIFIED REPORT**

**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, we noted the Unit did not submit the 100R for 2013 and 2014.

MIAMI COMMUNITY REGIONAL SEWAGE DISTRICT  
EXIT CONFERENCE  
January 1, 2015 to December 31, 2017

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The contents of this report were discussed on December 20, 2018, with Tina Cain, Treasurer. The officials acknowledged the findings.