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March 8, 2019

Board of Trustees  
Morgan County Regional Sewer District  
180 S Main, Suite 112  
Martinsville, IN 46151

This report is supplemental to the audit report of the Morgan County Regional Sewer District (District), for the period from January 1, 2013 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 Morgan County Regional Sewer District prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2013 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 two Examination Findings and Results. Management's response may be found on page 5.

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  
MORGAN COUNTY REGIONAL SEWER DISTRICT**

Morgan County, Indiana  
January 1, 2013 to December 31, 2017

MORGAN CO REGIONAL SEWER DISTRICT

Morgan County, Indiana  
January 1, 2013 to December 31, 2017

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MORGAN CO REGIONAL SEWER DISTRICT  
SCHEDULE OF OFFICIALS  
January 1, 2013 to December 31, 2017

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deb Verley	01-01-13 to 12-31-17
President of the Board	Jeff Quyle Eric Acker	01-01-13 to 12-31-15 01-01-16 to 12-31-17

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Morgan County Regional Sewer District

We have examined Morgan County Regional Sewer 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, 2013 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, 2013 to December 31, 2017, as described in items 2018-001, 2018-002 and 2018-003 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, 2013 to December 31, 2017.

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

MORGAN COUNTY REGIONAL SEWER DISTRICT  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2013 to December 31, 2017

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**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 the Unit did prepare bank reconciliations on at least a monthly basis. However, we noted no formal review process over these reconciliations.

**FINDING 2018-002: 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 fully adopted a materiality threshold for the period under audit.

MORGAN COUNTY REGIONAL SEWER DISTRICT  
EXIT CONFERENCE  
January 1, 2013 to December 31, 2017

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The contents of this report were discussed on December 20, 2018, with Deb Verley, Treasurer, Eric Acker, Board President, and Ryan Goodwin, Board Member. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

***Morgan County Regional Sewer District  
180 S. Main Street  
Martinsville, IN 46151***

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December 20, 2018

Maxwell Walton, CPA  
Crowe LLP  
3815 River Crossing Pkwy #300  
Indianapolis, IN 46240

Dear Mr. Walton:

The Morgan County Regional Sewer District Board would like to respond to the comments in the Compliance Report from the 2018 audit.

Comment 2018-1 Bank Reconciliation: The bank reconciliation is presented at Board meetings along with other financial documents and the Board votes to approve the documents; however, it is not listed specifically as such in the minutes of the meeting. Beginning January 2019, financial documents will be named individually in the minutes and the vote will be noted.

Comment 2018-2 Materiality Policy: The Morgan County Regional Sewer District adopted a threshold for the materiality policy on September 20, 2018.

Should you need any additional information, please contact our office.

Sincerely,



Eric Acker, Chairman  
Morgan County Regional Sewer District