



STATE OF INDIANA
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B59349

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June 23, 2022

TO: THE OFFICIALS OF THE MARIAH HILL REGIONAL SEWER
DISTRICT, SPENCER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Mariah Hill Regional Sewer District (District), Spencer County, for the period of January 1, 2018 to December 31, 2021, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The District's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

MATERIALITY THRESHOLD POLICY

A similar comment also appeared in prior Report B51969, entitled *MATERIALITY THRESHOLD*.

Condition and Context

The District had not adopted a materiality threshold policy for the engagement period as required by the Amended State Examiner Directive 2015-6.

Criteria

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)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B51969, entitled *MINIMUM LEVEL OF INTERNAL CONTROLS*.

Condition and Context

The District had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

In addition, District employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the District had not received training over internal control standards that were developed or approved by the Indiana State Board of Accounts.

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

Condition and Context

The District certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the District indicated that it had not adopted the minimum internal control standards.

In addition, the District certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the District; however, during the engagement, the District indicated that all required personnel had not received training concerning the internal control standards.

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 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](#)."

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

As of June 9, 2022, the District had not uploaded any of the required monthly and annual engagement uploads for 2018, 2019, 2020, and 2021 into Gateway, as required by Amended State Examiner Directive 2018-1.

Criteria

The following files and governmental unit information are required to be uploaded monthly by Special Districts:

- 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:

- Year-end Investment Statements
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments
- 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
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

(The Special District Bulletin and Uniform Compliance Guidelines, December 2020)

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)

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.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2021

Fund	Cash and Investments 12-31-21
Operating	\$ 37,055
Replacement	<u>55,285</u>
Total	<u>\$ 92,340</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Dolores Balbach, Treasurer, and Stan Jochim, President of the District Board, on June 9, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

Mariah Hill Regional Sewer District
P. O. Box 204
Mariah Hill, IN 47556

OFFICIAL RESPONSE

June 20, 2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

This official response is in regards to the recent audit for the M.H.R.S.D. The board has reviewed the findings from the audit and we wish to make an official response to the results and plan to work together to come up with a policy for Internal Control. We do use a form for our Internal Control but have not adopted an official policy.

The board has reviewed the findings of the audit and plan on working together to compile a Materiality Threshold Policy. Since the last audit that was performed, we were unaware of the policy that was needed. We had discussed the threshold but did not put it into a policy.

Dolores M. Balbach
Clerk/Treasurer