



STATE OF INDIANA
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B47161

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November 10, 2016

TO: THE OFFICIALS OF THE KNOX COUNTY SOLID WASTE
MANAGEMENT DISTRICT, KNOX COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Knox County Solid Waste Management District (District), for the period of January 1, 2012 to December 31, 2014, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the District's financial statements, we did not follow auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any basic financial statement of the District.

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 Annual Financial Reports filed by the District can be found on the Gateway website: <https://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.

Current Period Comments

- *Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance for 2012 and 2013. Prior adjustments were not correctly made until 2014.*
- *The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks in 2012, 2013, and 2014. The back side or endorsement side of the checks was not returned.*
- *The records presented for review indicated the following disbursements in excess of budgeted appropriations:*

<u>Year</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2012	General	\$ 60,508

- *Some employees were paid without federal, state, and local taxes being withheld. Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies.*
- *The District did not have a credit card policy approved by the Board.*
- *The Annual Financial Report (AFR) filed for 2012 did not match the District's records as shown below:*

<u>Year</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per AFR</u>	<u>Amount Per Ledger</u>	<u>Difference</u>
2012	Nonreverting Capital Fund	Beg Bal	\$ 100,000.00	\$ -	\$ 100,000.00
2012	Rainy Day Fund	Beg Bal	26,692.00	-	26,692.00
2012	Solid Waste Management Fund	Beg Bal	248,402.12	126,540.00	121,862.12
2012	Solid Waste Management Fund	Receipt	281,484.03	408,446.03	(126,962.00)
2012	Solid Waste Management Fund	Disbursement	431,403.51	436,503.39	(5,099.88)
2012	Nonreverting Capital Fund	Disbursement	100,000.00	-	100,000.00
2012	Rainy Day Fund	Disbursement	26,692.00	-	26,692.00

- *Internal Revenue Service Form W-2 was not issued for all employees for 2012, 2013, and 2014.*
- *Several payments were observed which were not supported by adequate documentation, such as receipts, invoices, and other public records. Claims were paid for compensation without supporting time documents as well as bypassing the payroll system and receiving payment as a contractor. Also, paid claims did not always have a receipt or invoice to support payment.*
- *The Fiscal Officer was not properly bonded for 2012, 2013, and 2014. The bond was for \$15,000, which was insufficient per Indiana Code.*

This letter is intended for the information and use of the governing body and management of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this report were discussed on September 26, 2016, with Michelle Smith, Director; Don Halter, President of the Board; Larry Holscher, Board member; Joe Yochum, Board member; Kellie Streeter, Board member; Thomas Estabrook, former Board member; and Jon Flickinger, former Board member.

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