

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF  
SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
HENRY COUNTY, INDIANA  
January 1, 2020 to December 31, 2020



**FILED**  
12/29/2023



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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December 29, 2023

To: The Officials of the Summit Springs Regional Waste District  
Summit Springs Regional Waste District  
Henry County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Summit Springs Regional Waste District. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Summit Springs Regional Waste District as of December 31, 2020, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding included in the report on pages 22 and 23. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 25.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

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

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive style.

Tammy R. White, CPA  
Deputy State Examiner

**SUMMIT SPRINGS REGIONAL WASTE DISTRICT**  
Henry County, Indiana

**FINANCIAL STATEMENT**  
December 31, 2020

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
Henry County, Indiana

FINANCIAL STATEMENT  
December 31, 2020

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SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF OFFICIALS (Unaudited)  
December 31, 2020

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patricia Yapp	01-01-20 to 12-31-20
President of the Board	Betty Gipe	01-01-20 to 12-31-20

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Summit Springs Regional Waste District  
Henry County, Indiana

**Opinion**

We have audited the accompanying statement of receipts, disbursements, and cash and investment balances of the Summit Springs Regional Waste District (the Unit) as of and for the year ended December 31, 2020, and the related notes to the financial statement.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash and investment balances of the Unit as of December 31, 2020, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Unit as of December 31, 2020, or changes in net position for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Unit, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As discussed in Note 1 to the financial statement, the Unit prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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(Continued)

## **Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6) as described in Note 1, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Unit's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unit's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Unit's financial statement. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

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(Continued)

### ***Other Information***

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials, Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, Schedule of Capital Assets, and State Reporting Information, but does not include the financial statement and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, our consideration of the Unit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Unit's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Unit's internal control over financial reporting and compliance.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
December 7, 2023

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2020

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<u>Fund</u>	Cash and Investments <u>01-01-20</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash and Investments <u>12-31-20</u>
Depreciation	\$ 117,152	\$ 55,183	\$ -	\$ 172,335
Fmha	97,488	52,540	48,425	101,603
Improvement Fund	41,127	658	-	41,785
Operations	106,995	372,506	287,548	191,953
Pre Construction	-	832,449	832,449	-
Summit Springs Regional Waste District	<u>-</u>	<u>88,256</u>	<u>88,256</u>	<u>-</u>
 Totals	 <u>\$ 362,762</u>	 <u>\$ 1,401,592</u>	 <u>\$ 1,256,678</u>	 <u>\$ 507,676</u>

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See accompanying notes to financial statement.

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Unit was established under the laws of the State of Indiana. The Unit operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Unit.

Basis of Accounting: The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred. The basis of accounting also requires presentation of certain information as Other Information.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP), in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

Cash and Investments: Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

Receipts: Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Taxes.* Amounts received including one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Unit.

*Licenses and permits.* Amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

*Charges for services.* Amounts received for services including, but not limited to, the following: planning Unit charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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(Continued)

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fines and forfeits.* Amounts received from fines and penalties imposed for the Unit of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

*Utility fees.* Amounts received from charges for current services.

*Penalties.* Amounts received from late payment fees.

*Other receipts.* Amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

Disbursements: Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those Units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

*Supplies.* Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service principal and interest.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Unit. It includes all expenditures for the reduction of the principal and interest of the Unit general obligation indebtedness as well as lease agreements.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various purposes including, but not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements and transfers out that are authorized by statute, ordinance, resolution, or court order.

Interfund Transfers: The Unit may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

Fund Accounting: Separate funds are established, maintained, and reported by the Unit. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Unit. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Unit in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the Unit itself.

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(Continued)

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
NOTES TO FINANCIAL STATEMENT  
December 31, 2020

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**NOTE 2 - BUDGETS**

The operating budget is prepared and approved at the local level.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund (PDIF). This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Unit to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

From time to time, the Unit also holds certificates of deposit with financial institutions that maintain the FDIC and PDIF coverages, as applicable.

**NOTE 4 - RISK MANAGEMENT**

The Unit may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Unit to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

The Unit has purchased insurance to address the risks described above.

**OTHER INFORMATION (Unaudited)**

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2020

	<u>Depreciation</u>	<u>Fmha</u>	<u>Improvement Fund</u>	<u>Operations</u>	<u>Pre Construction</u>	<u>Summit Springs Regional Waste District</u>	<u>Totals</u>
Cash and investments - beginning	\$ 117,152	\$ 97,488	\$ 41,127	\$ 106,995	\$ -	\$ -	\$ 362,762
Receipts:							
Intergovernmental receipts	-	-	-	-	832,449	-	832,449
Charges for services	-	-	-	329,634	-	-	329,634
Penalties	-	-	-	3,828	-	-	3,828
Other receipts	<u>55,183</u>	<u>52,540</u>	<u>658</u>	<u>39,044</u>	<u>-</u>	<u>88,256</u>	<u>235,681</u>
Total receipts	<u>55,183</u>	<u>52,540</u>	<u>658</u>	<u>372,506</u>	<u>832,449</u>	<u>88,256</u>	<u>1,401,592</u>
Disbursements:							
Personal services	-	-	-	-	-	88,256	88,256
Supplies	-	-	-	8,940	-	-	8,940
Other services and charges	-	-	-	82,644	-	-	82,644
Debt service - principal and interest	-	48,425	-	-	-	-	48,425
Capital outlay	-	-	-	-	832,449	-	832,449
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,964</u>	<u>-</u>	<u>-</u>	<u>195,964</u>
Total disbursements	<u>-</u>	<u>48,425</u>	<u>-</u>	<u>287,548</u>	<u>832,449</u>	<u>88,256</u>	<u>1,256,678</u>
Excess (deficiency) of receipts over disbursements	<u>55,183</u>	<u>4,115</u>	<u>658</u>	<u>84,958</u>	<u>-</u>	<u>-</u>	<u>144,914</u>
Cash and investments - ending	<u>\$ 172,335</u>	<u>\$ 101,603</u>	<u>\$ 41,785</u>	<u>\$ 191,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,676</u>

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2020

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<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 11,902	\$ 58,895
Summit Springs Regional Waste District	<u>11,902</u>	<u>58,895</u>
Totals	<u>\$ 23,804</u>	<u>\$ 117,790</u>

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2020

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Description of Debt		Ending	Principal Due
<u>Type</u>	<u>Purpose</u>	<u>Principal</u>	<u>Balance</u>
			<u>Within One</u>
			<u>Year</u>
Governmental activities:			
General obligation bonds	FMHA	\$ 1,346,566	\$ 1,368,709
Summit Springs Regional Waste District:			
General obligation bonds	FMHA	1,346,566	1,368,709
Totals		\$ 2,693,132	\$ 2,737,418

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SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2020

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Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 120,488
Infrastructure	1,359,400
Buildings	1,636,250
Machinery, equipment, and vehicles	299,557
Construction in progress	<u>3,465,964</u>
 Total governmental activities	 <u>6,881,659</u>
 Summit Springs Regional Waste District:	
Land	120,488
Infrastructure	1,359,400
Buildings	1,636,250
Machinery, equipment, and vehicles	299,557
Construction in progress	<u>3,465,964</u>
 Total Summit Springs Regional Waste District	 <u>6,881,659</u>
 Total capital assets	 <u>\$ 13,763,318</u>

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
STATE REPORTING INFORMATION  
December 31, 2020

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The reports presented herein were prepared in addition to another official report prepared for the Unit as listed below:

Indiana State Board of Accounts Compliance Examination of Summit Springs Regional Waste District.

The above report contains the results of the compliance examination as required by the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts*.

**SUPPLEMENTARY INFORMATION**

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended December 31, 2020

<u>Federal Grantor Agency</u> <u>Cluster Title/Program Title/Project Title</u>	<u>Pass-Through Entity or Direct Grant</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity (or Other) Identifying Number</u>	<u>Total Federal Awards Expended</u>	<u>Total Passed Through to Subrecipient</u>
<u>Department of Agriculture</u> Water and waste disposal systems for rural communities	Direct Award	10.760		\$ 832,449	\$ -
Total – Department of Agriculture				<u>\$ 832,449</u>	<u>\$ -</u>

See accompanying notes to the schedule of expenditure of federal awards.

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended December 31, 2020

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Summit Springs Regional Waste District (the "Unit") under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Unit, it is not intended to and does not present the receipts, disbursements, and cash and investment balances – regulatory basis of the Unit.

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expensed when the reimbursement is received.

**NOTE 2 - INDIRECT COST RATE**

The Unit has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Those Charged with Governance  
Summit Springs Regional Waste District  
Henry County, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Summit Springs Regional Waste District ("Unit"), which comprise the statement of receipts, disbursements, and cash and investment balances of the Unit as of and for the year ended December 31, 2020 and the related notes to the financial statement, which collectively comprise the Unit's financial statement, and have issued our report thereon dated December 7, 2023.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Unit's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unit's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item Finding 2020-001 that we consider to be a material weakness.

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(Continued)

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Unit's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Management's Response to Finding**

The Unit's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Unit's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe LLP

Indianapolis, Indiana  
December 7, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Those Charged with Governance  
Summit Springs Regional Waste District  
Henry County, Indiana

**Report on Compliance for Major Federal Program*****Opinion on Major Federal Program***

We have audited of Summit Springs Regional Waste District's (the "Unit") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Unit's major federal program for the year ended December 31, 2020. The Unit's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Unit complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Unit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Unit's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Unit's federal programs.

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## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Unit's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Unit's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Unit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Unit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Unit's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
December 7, 2023

SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 December 31, 2020

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**Section I – Summary of Auditor’s Results**

***Financial Statement***

Type of auditors report issued      Adverse as to GAAP, Unmodified as to regulatory basis

Internal control over financial reporting

Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	None Reported

Noncompliance material to Financial Statement noted?	<u>      </u>	Yes	<u>  X  </u>	No
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***Federal Awards***

Internal control over major programs

Material weakness(es) identified?	<u>      </u>	Yes	<u>  X  </u>	No
Significant deficiencies identified not considered to be material weaknesses?	<u>      </u>	Yes	<u>  X  </u>	None Reported

Type of auditor’s report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u>      </u>	Yes	<u>  X  </u>	No
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Identification of major programs

<u>ALN Number</u> 10.760	<u>Name of Federal Program or Cluster</u> Water and Waste Disposal Systems for Rural Communities
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Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
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Auditee qualified as low-risk auditee?	<u>      </u>	Yes	<u>  X  </u>	No
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SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2020

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**Section II – Financial Statement Findings**

**FINDING 2020-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness

**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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:  
. . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

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SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2020

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**Section II – Financial Statement Findings** (Continued)

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the ALN number or other identifying number when the ALN information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

**Condition:** The Unit did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

**Cause:** Management had incorrectly interpreted the Compliance Supplement for the amount that was to be reported on the SEFA. During the review process, the Board was presented the outstanding loan balance as the amount on the SEFA. A thorough review did not take place that would have identified the misstatement to the SEFA.

**Context:** The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was reviewed prior to submission by the Board. However, it was not reviewed in enough detail to prevent the following error that resulted in the overstatement of the total federal awards expended on the SEFA by \$519,551 for the period January 1, 2020 through December 31, 2020:

1. The Unit had incorrectly reported the outstanding loan balance of \$1,354,000 on their SEFA as opposed to the \$834,449 of loan receipts pertaining to expenditures that took place during 2020.

The correction noted above was proposed to the Unit and made to the SEFA.

**Effect:** Without a proper system of internal control in place that operated effectively, a material misstatement of the SEFA remained undetected. The SEFA contained the error identified in the *Context*.

**Identification as a repeat finding, if applicable:** Yes. A similar finding was issued in report B54387 as Finding 2018-001 – Review of Schedule of Expenditures of Federal Awards.

**Recommendation:** We recommended that the Unit's management establish a formal review over the SEFA to ensure amounts reported are accurate. The Unit should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail as well as reflect what should be reported based on the Compliance Supplement.

**Views of Responsible Officials and Planned Corrective Action:** Management agrees with the finding and has prepared a corrective action plan.

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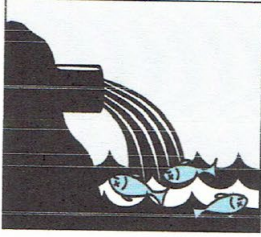
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SUMMIT SPRINGS REGIONAL WASTE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2020

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**Section III – Federal Award Findings and Questioned Costs**

None to report.



# Summit Springs Regional Waste District

105 1/2 N. Meridian Street PO Box 56

Sulphur Springs IN 47388

765-524-6470

## CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

December 31, 2020

### **FINDING 2020-001**

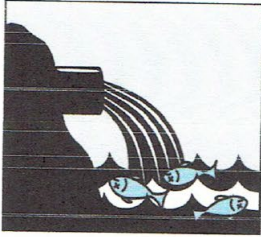
Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness

**Condition:** The Unit did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

**Views of Responsible Official:** We concur with the finding.

**Description of Corrective Action Plan:** The Unit has a secondary review process in place where the Board President reviews the SEFA. Management and the Unit will ensure that the review is thorough and that the financial and non-financial information presented on the SEFA is complete and accurate before submission.

**Responsible Party and Timeline for Completion:** Management and the Board President. The Unit will implement the corrective action beginning in calendar year 2024.



# Summit Springs Regional Waste District

105 1/2 N. Meridian Street PO Box 56

Sulphur Springs IN 47388

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2018-001**

Subject: Review of Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness

**Description:** The Unit did not implement a formal review of the Schedule of Expenditures of Federal Awards (SEFA). A SEFA was being submitted via the Indiana Gateway system, but it was not reviewed by an independent party.

**Status:** This has not been resolved and is identified as a repeat finding in the current year audit. The Unit has implemented a secondary review process; however, the review was not thorough enough to catch that the balance reported on the SEFA was materially incorrect. See finding 2020-001.

### **FINDING 2018-002**

Subject: Segregation of Duties  
Audit Findings: Material Weakness

**Description:** During testing, we noted that the Unit did not have adequate segregation of duties in the cash receipts cycle as the Treasurer performs all billing and cash collection activities.

**Status:** The finding was corrected in the current year.