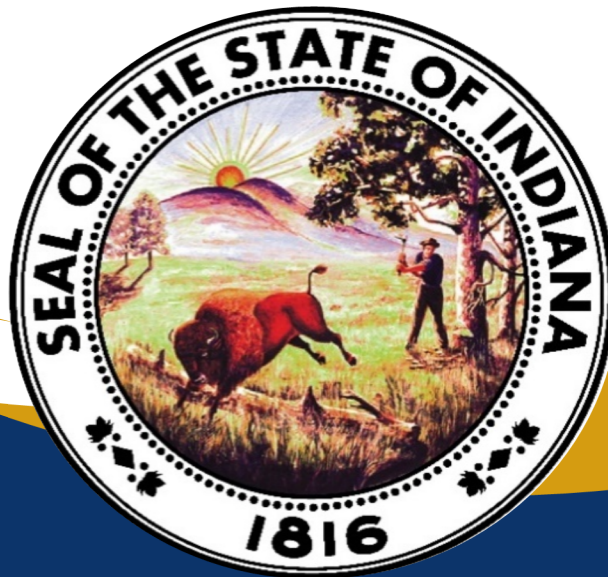


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

**Paul D. Joyce, CPA
State Examiner**

COMPLIANCE ENGAGEMENT REPORT
OF
PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
PERRY COUNTY, INDIANA
January 1, 2019 to December 31, 2023



FILED
01/16/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kenneth C. Smith Kristine Wheeler (interim) Kristine Wheeler (Vacant)	01-01-19 to 12-31-21 01-01-22 to 03-13-22 03-14-22 to 08-20-24 08-21-24 to 12-31-24
Fiscal Officer	Wes Terry, CPA	01-01-19 to 12-31-24
President of the District Board	Randy Kleaving	01-01-19 to 12-31-24



Paul D. Joyce, CPA
State Examiner

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Perry County Solid Waste Management District (District), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the District as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the District's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Wes Terry, CPA, Fiscal Officer; Randy Kleaving, President of the District Board; Randy Cole, District Board member; Gale Garner, District Board member; and Rebecca Thorn, District Board member, on December 17, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 10, 2024

PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure that the District complied with laws, regulations, and uniform compliance guidelines. Internal control deficiencies resulted in noncompliance over the following areas and are detailed further in the comments below:

- 100R - Certified Report Filed After Due Date
- Annual Financial Report Not Filed Timely
- Annual Financial Report
- Bank Account Reconciliations
- Capital Assets
- Certification on Internal Control Standards
- Monthly and Annual Uploads
- Training on Internal Control Standards
- Payroll Documentation

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 the 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 components 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. . . ."

100R - CERTIFIED REPORT FILED AFTER DUE DATE

Condition and Context

Internal controls were not in place to ensure the Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) was filed timely via the Indiana Gateway for Government Units financial reporting system. The 2021 Form 100R was submitted 66 days after the due date. The 2022 Form 100R was submitted 29 days after the due date. The 2023 Form 100R was not submitted.

PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

Criteria

Indiana Code 5-11-13-1(b) states:

"Each audited entity 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 the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

ANNUAL FINANCIAL REPORT NOT FILED TIMELY

Condition and Context

Internal controls were not in place to ensure the Annual Financial Report (AFR) was filed timely via the Indiana Gateway for Government Units financial reporting system. The 2020 AFR was submitted 24 days after the due date. The 2021 AFR was submitted 41 days after the due date. The 2023 AFR was submitted 238 days after the due date.

Criteria

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Special Districts, Chapter 1)

ANNUAL FINANCIAL REPORT

Condition and Context

Internal controls were not in place to ensure the Annual Financial Reports (AFR) were submitted accurately. The following errors were noted:

Financial Data

- The ending cash balance from the December 31, 2018 audited report did not agree to beginning balance January 1, 2019.
- Receipts and disbursements reported on the financial statements were compared to the profit and loss statement provided by the Fiscal Officer. The schedule below shows the differences for each year.

PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

Year	Beginning Balance Understated	Receipts Per Ledger	Receipts Reported	Difference	Disbursements Per Ledger	Disbursements Reported	Difference
2019	\$ 11,095	\$ 481,185	\$ 481,175	\$ 10	\$ 513,911	\$ 519,138	\$ (5,227)
2020	-	524,180	524,181	(1)	509,346	512,558	(3,212)
2021	-	555,779	556,665	(886)	469,148	474,277	(5,129)
2022	-	533,823	552,782	(18,959)	461,197	485,649	(24,452)
2023	-	490,470	490,470	-	488,764	492,126	(3,362)

Capital Assets

The District did not maintain a detailed listing of capital assets. However, \$830,882 was reported as capital assets in the AFR at December 31, 2023. Therefore, we were unable to determine the accuracy of the information.

Leases

The lease agreements with the Simon and Harris Construction and Derby Properties, Inc. were not provided to ensure the lease schedule was accurate and complete. In 2019 and 2020, lease payables were reported in the amount of \$1,675 and \$900, respectively. The lease payments were made in 2021, 2022, and 2023; however, the District did not report anything in the schedule.

Investment Fund Statement

The District had investments at December 31, 2023, of \$35,000 in a certificate of deposit but it was not reported in the investment fund statement.

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 as set forth in the uniform compliance guidelines. 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](#)."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Internal controls were not in place to ensure that combined bank reconciliations were performed. The District did not prepare a combined bank reconciliation which would have reconciled the total of all cash and investment accounts as reported on the financial statement.

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."

PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

Internal controls did not ensure that the District had a capital asset policy in place that included a threshold at which an item is considered a capital asset. In addition, a detailed listing of capital assets owned which reflects its acquisition value was not maintained nor was a physical inventory performed as required every two years. The District reported capital assets of \$830,882 in the Annual Financial Report at December 31, 2023.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The District did not perform the required internal control training for all necessary employees. However, the District certified on the Indiana Gateway for Government Units financial reporting system that the District had provided training on standards for 2019, 2020, 2021, 2022, and 2023.

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 as set forth in the uniform compliance guidelines. 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 UPLOADS

Condition and Context

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1 as amended. The files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, bank statements, outstanding check lists, approved District Board minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund. The District did not upload the following monthly:

- The District Board minutes for October 2023 were not uploaded.
- The bank statements for March 2021 were not uploaded.

PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

Annual upload requirements include the year-end investment statements, detail of receipt activity by fund, detail of disbursement activity by fund, current year salary schedule and amendments, annual vendor history reports, 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. The District did not upload the following annually:

- The annual fund ledgers were not uploaded for 2019 and 2023; however, the ledgers were provided during the engagement.
- The investment registers required to be uploaded annually did not include certificates of deposit; only money market bank accounts were included.
- The salary ordinances and payroll detail for 2019 and 2020 were not uploaded.

In addition, the monthly uploads were not timely; the documentation should be uploaded by the 15th of the second month after the month closing.

- January-March 2021 documentation was not uploaded until August 25, 2021.
- April-December was not uploaded until March 9, 2022.
- January-December 2022 bank reconciliation documentation was not uploaded until March 1, 2023, and the District Board minutes were not uploaded until February 2, 2024.
- January-December 2023 documentation was not uploaded until February 1 or 2, 2024.

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

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 4)

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The District did not ensure that all applicable personnel had received training concerning the internal control standards.

PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

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."

PAYROLL DOCUMENTATION

Condition and Context

Internal controls were not in place to ensure all supporting documentation for payroll was retained and provided for audit. The following payroll documentation was not presented for audit:

- Salary ordinances for 2019 and 2020.
- Direct deposit documentation for 4 employees in 2022 and 5 employees in 2023.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS



PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Solid Waste Management Fund	\$ 113,738	\$ 481,175	\$ 519,138	\$ 75,775	\$ 524,181	\$ 512,558	\$ 87,398
Totals	<u>\$ 113,738</u>	<u>\$ 481,175</u>	<u>\$ 519,138</u>	<u>\$ 75,775</u>	<u>\$ 524,181</u>	<u>\$ 512,558</u>	<u>\$ 87,398</u>

PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Solid Waste Management Fund	\$ 87,399	\$ 556,665	\$ 474,277	\$ 169,787	\$ 552,782	\$ 485,649	\$ 236,920
Totals	<u>\$ 87,399</u>	<u>\$ 556,665</u>	<u>\$ 474,277</u>	<u>\$ 169,787</u>	<u>\$ 552,782</u>	<u>\$ 485,649</u>	<u>\$ 236,920</u>

PERRY COUNTY SOLID WASTE MANAGEMENT DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Solid Waste Management Fund	\$ 236,920	\$ 490,470	\$ 492,126	\$ 235,264
Totals	<u>\$ 236,920</u>	<u>\$ 490,470</u>	<u>\$ 492,126</u>	<u>\$ 235,264</u>