

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

COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON COUNTY SOLID WASTE MANAGEMENT DISTRICT

JACKSON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
07/12/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Debra Hackman	01-01-20 to 12-31-24
Controller	Larry Osborn (Vacant) Christy Duvall	01-01-20 to 07-01-20 07-02-20 to 11-01-20 11-02-20 to 12-31-24
President of the District Board	David Willey Jerry Ault Matt Nicholson	01-01-20 to 05-13-20 05-14-20 to 02-10-21 02-11-21 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Jackson County Solid Waste Management District (District), for the period of January 1, 2020 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 Christy Duvall, Controller; Matt Nicholson, President of the District Board; and Debra Hackman, Executive Director, on June 20, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 15, 2024

JACKSON COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS

**RECEIPT ISSUANCE**

*Condition and Context*

Internal controls were not in place to ensure the District was in compliance with the receipt issuance compliance requirement. The District did not issue receipts during the engagement period.

*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. . . ."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

**PUBLIC RETENTION OF RECORDS**

*Condition and Context*

Internal controls were not in place to ensure the proper retention of public records. The financial records presented for review were incomplete as no financial ledger was provided for 2020. Additionally, no supporting documentation for receipt and disbursement activity was provided for review for 2020. All financial records were presented for all other years of the engagement period.

*Criteria*

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."

JACKSON COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

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:

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#### ***ANNUAL FINANCIAL REPORT - CAPITAL ASSET SCHEDULE***

##### *Condition and Context*

Financial and other information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The District had not established effective internal controls over the AFR information entered into Gateway.

The Capital Asset Schedule submitted to Gateway for 2020, 2021, 2022, and 2023 could not be verified due to no detailed capital asset listing being presented for review. For 2020, 2021, 2022, and 2023, the District reported total capital assets of \$379,422, with no detailed capital asset listing to support the reported amounts.

##### *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](#)."

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:

JACKSON COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

"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.

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## **CAPITAL ASSETS**

### *Condition and Context*

Internal controls were not in place to ensure the District was in compliance with capital asset requirements. The District did not provide a capital asset policy that detailed the threshold at which an item is considered a capital asset. The District did not complete a physical inventory in the last two years. The District was unable to provide a detailed listing of capital assets to review.

### *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:

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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)

JACKSON COUNTY SOLID WASTE MANAGEMENT DISTRICT  
COMMENTS  
(Continued)

**RECORDS OF HOURS WORKED**

*Condition and Context*

Internal controls were not in place to ensure the District was properly documenting a record of hours worked for employees. The District was unable to provide timecards or any other type of time records for its employees during the engagement period, even though the expectation was that the position required 35 hours per week.

*Criteria*

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

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:

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The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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

JACKSON COUNTY SOLID WASTE MANAGEMENT DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
GENERAL FUND	\$ 642,307	\$ 435,774	\$ 412,608	\$ 665,473	\$ 445,163	\$ 353,899	\$ 756,737
Totals	<u>\$ 642,307</u>	<u>\$ 435,774</u>	<u>\$ 412,608</u>	<u>\$ 665,473</u>	<u>\$ 445,163</u>	<u>\$ 353,899</u>	<u>\$ 756,737</u>

JACKSON COUNTY SOLID WASTE MANAGEMENT DISTRICT  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
GENERAL FUND	\$ 756,737	\$ 557,013	\$ 459,038	\$ 854,712	\$ 956,844	\$ 894,920	\$ 916,636
Totals	<u>\$ 756,737</u>	<u>\$ 557,013</u>	<u>\$ 459,038</u>	<u>\$ 854,712</u>	<u>\$ 956,844</u>	<u>\$ 894,920</u>	<u>\$ 916,636</u>