

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

COMPLIANCE ENGAGEMENT REPORT

OF

LAPORTE COUNTY SOLID WASTE MANAGEMENT DISTRICT

LAPORTE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
08/20/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-7
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Clay Turner	01-01-20 to 12-31-24
Controller	Lyn De Groot	01-01-20 to 12-31-24
Chair of the District Board	Mayor Tom Dermody	01-01-20 to 12-31-20
	Commissioner Joseph Haney	01-01-21 to 12-31-21
	Mayor Duane Parry	01-01-22 to 12-31-22
	Mayor Tom Dermody	01-01-23 to 12-31-23
	Mike Mollenhauer	01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the LaPorte County Solid Waste Management District (District), for the period of January 1, 2020 to December 31, 2020. 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 Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statement) are informational only. The Statement has not been subjected to any procedures designed to express an opinion or provide any assurance on it, and, accordingly, we do not express an opinion or provide any assurance on it.

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 Clay Turner, Executive Director; Lyn De Groote, Controller; and Richard Mrozinski, District Board member, on July 2, 2024.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

July 2, 2024

LAPORTE COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS

PAYROLL

The same comment also appeared in prior Report B59479.

Condition and Context

Employees were paid biweekly, which resulted in 26 pay dates in the year. Employees completed a monthly timesheet that was submitted to the Executive Director for review and approval at the end of the month.

Deficiencies were noted in the payroll process as follows:

- Timesheets noting the actual hours worked or the use of paid time off were not used to process biweekly payroll.
- Employees were paid 1/26th of the approved salary rate without the consideration of the actual hours worked.
- The pay period ended on the date of pay, which resulted in employees being paid in advance of hours worked.

Criteria

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

CAPITAL ASSETS

The same comment also appeared in prior Report B59479.

Condition and Context

The District Board approved a fixed (capital) assets inventory policy via Resolution 2011-003 that states:

- "1. Fixed asset means and includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, and all other tangible assets that are in operations and have initial useful lives extending beyond a single reporting period.
2. All assets with a value above Five Thousand Dollars (\$5,000.00) shall be subject to inventory. . . ."

LAPORTE COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

The District's capital asset listing was not properly and accurately completed. The following deficiencies were noted:

- The detailed capital asset listing included many items with a purchase price under the \$5,000 threshold.
- The policy does not describe if \$5,000 is a per item threshold or the total cost of a bundle of assets.
- The detailed capital asset listing did not include all the required information as prescribed by the Indiana State Board of Accounts. The detailed listing included the location, month and year of purchase, description, model and serial numbers, purchase price, value with adjustments, and disposal date. The detailed listing did not include the estimated life of assets, amount received on disposal or trade in, or the type of capital asset by category.

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.

The list of capital assets should include the following categories:

Land

The records of each unit must include a description of land owned by the unit, its location, amount of acreage (if relevant), its acquisition date and the purchase price. If the purchase price is not available, appraised value may be used.

Infrastructure

A capital asset account for the cost of infrastructure must reflect the location and brief description identifying each road, bridge, tunnel, drainage system, storm water system, dam, or lighting system owned by the unit.

Buildings

A capital asset account for buildings must reflect the location of each building and the purchase price or construction cost and the cost of improvements, if applicable. If a building is acquired by gift, the account must reflect its appraised value at the time of acquisition.

Improvements Other than Buildings

A capital asset account must reflect the acquisition value of permanent improvements, other than buildings, which have been added to the land. Examples of such improvements are fences, retaining walls, sidewalks, and gutters. The improvements must be valued at the purchase or construction cost.

LAPORTE COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

Equipment

Tangible property of a permanent nature (other than land, buildings, and improvements) must be inventoried. Examples include machinery, trucks, cars, furniture, office equipment including but not limited to computers and data processing equipment, and desks, safes, cabinets, books, cellphones, etc. The value of such items must be carried in the inventory at the purchase cost.

Construction Work in Progress

Where construction work has not been completed in the current reporting fiscal year, the cost of the project must be carried as "construction work in progress." When the project is completed, it must be placed on the inventory applicable to the assigned asset account.

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

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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

LAPORTE COUNTY SOLID WASTE MANAGEMENT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2020

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20
Solid Waste Management Fund	\$ 2,061,382	\$ 2,915,476	\$ 3,663,072	\$ 1,313,786
Totals	<u>\$ 2,061,382</u>	<u>\$ 2,915,476</u>	<u>\$ 3,663,072</u>	<u>\$ 1,313,786</u>