

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

COMPLIANCE ENGAGEMENT REPORT
OF

EAST CENTRAL INDIANA SOLID
WASTE MANAGEMENT DISTRICT
MADISON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
04/23/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-6
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	8-9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Kyle Schrink	01-01-20 to 12-31-24
Controller	Jay Walters	01-01-20 to 12-31-24
Chair of the District Board	John Richwine	01-01-20 to 12-31-20
	Mark Bardsley	01-01-21 to 12-31-21
	Sherry Riffin	01-01-22 to 12-31-22
	Darlene Likens	01-01-23 to 12-31-23
	Steve Wright	01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE EAST CENTRAL INDIANA SOLID WASTE
MANAGEMENT DISTRICT, MADISON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the East Central Indiana 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 Kyle Schrink, Director, and Steve Wright, Chair of the District Board, on April 17, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 27, 2024

EAST CENTRAL INDIANA SOLID
WASTE MANAGEMENT DISTRICT
COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The District did not complete a bank reconciliation for June through December of 2021; nor did it have bank reconciliations completed for any month in 2022 or 2023. Variances of \$4,958, \$4,573, and \$5,005 were noted for December of 2021, December of 2022, and December of 2023, respectively. These variances on the bank reconciliation in total are immaterial during the engagement period. The District did not have internal controls in place over bank reconciliations, allowing errors to remain undetected and uncorrected.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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. . . ."

EAST CENTRAL INDIANA SOLID
WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The District owns vehicles that should be recorded as capital assets. The District did not keep a record of capital assets during the engagement period. There was no record of a physical inventory being taken at least every two years; nor did they adopt a capital assets policy. The District did not have internal controls in place over capital assets to prevent this issue from occurring.

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 detailed 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)

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. . . ."

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

EAST CENTRAL INDIANA 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
Solid Waste Management Fund	\$ 440,788	\$ 783,187	\$ 671,238	\$ 552,737	\$ 819,797	\$ 695,976	\$ 676,558
Levy Excess	-	-	-	-	630	-	630
State Withholding Tax	-	4,357	4,357	-	4,372	4,372	-
Federal Withholding Tax	-	9,920	9,920	-	9,803	9,803	-
Social Security	-	20,639	20,639	-	20,711	20,711	-
County Withheld Tax	-	2,361	2,361	-	2,369	2,369	-
Aflac Insurance	-	9,468	9,468	-	8,999	8,211	788
Perf	211	20,499	20,499	211	20,499	20,499	211
Totals	<u>\$ 440,999</u>	<u>\$ 850,431</u>	<u>\$ 738,482</u>	<u>\$ 552,948</u>	<u>\$ 887,180</u>	<u>\$ 761,941</u>	<u>\$ 678,187</u>

EAST CENTRAL INDIANA 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
Solid Waste Management Fund	\$ 676,558	\$ 801,193	\$ 718,856	\$ 758,895	\$ 805,563	\$ 812,086	\$ 752,372
Levy Excess	630	-	-	630	-	-	630
State Withholding Tax	-	4,343	4,343	-	4,617	4,617	-
Federal Withholding Tax	-	9,531	9,531	-	10,261	10,261	-
Social Security	-	20,573	20,573	-	22,424	22,424	-
County Withheld Tax	-	3,025	3,025	-	3,298	3,298	-
Aflac Insurance	788	8,474	8,609	653	8,078	8,078	653
Perf	211	20,298	20,298	211	25,032	25,032	211
Totals	<u>\$ 678,187</u>	<u>\$ 867,437</u>	<u>\$ 785,235</u>	<u>\$ 760,389</u>	<u>\$ 879,273</u>	<u>\$ 885,796</u>	<u>\$ 753,866</u>