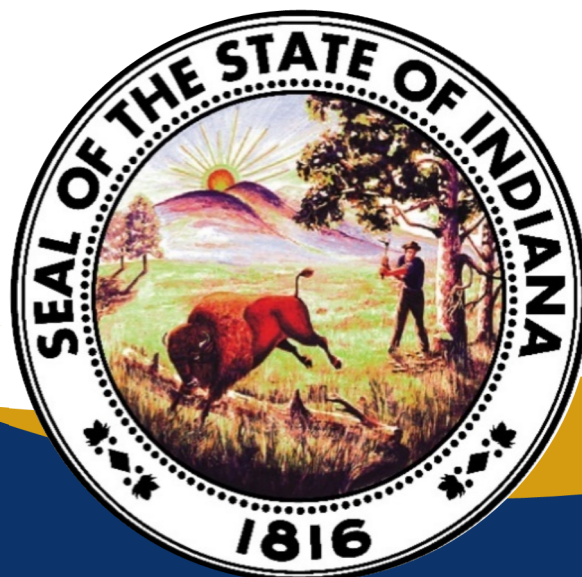


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

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

COMPLIANCE ENGAGEMENT REPORT
OF
TIPTON COUNTY SOLID WASTE MANAGEMENT DISTRICT
TIPTON COUNTY, INDIANA
January 1, 2021 to December 31, 2024



FILED
05/09/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Mary Heron	01-01-21 to 12-31-25
Treasurer	Nathan Kring Joe Van Bibber	01-01-21 to 12-31-22 01-01-23 to 12-31-25
President of the District Board	Tom Dolezal Kegan Schmicker	01-01-21 to 12-31-23 01-01-24 to 12-31-25



Paul D. Joyce, CPA
State Examiner

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Tipton County Solid Waste Management District (District), for the period of January 1, 2021 to December 31, 2024. 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 is informational only. The Statements of Receipts, Disbursements, and Schedule of Cash and Investment Balances - Regulatory Basis have not been included in this report due to the issues detailed in the comments below.

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 Mary Heron, Director; Joe Van Bibber, Treasurer; and Kegan Schmicker, President of the District Board, on April 24, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 22, 2025

TIPTON COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS

CONDITION OF RECORDS

Condition and Context

Internal controls were not in place to ensure the proper maintenance of accounting records and use of prescribed forms. The District did not use the prescribed Ledger of Receipts, Disbursements, and Balances General Form 358 or Ledger of Appropriations, Encumbrances, Disbursements, and Balances General Form 359 or approved alternatives. The accounting records for the District are maintained by an outside accountant using QuickBooks software. However, this software is not set up to maintain financial transactions and cash balances by fund. The software only maintains a total cash balance for all funds, and the receipts and disbursements transactions are not segregated by fund. Therefore, the financial information was not maintained or presented in the prescribed format.

The software also allows for changes to or deletion of transactions without requiring an adjusting entry to be made. When recalculating ending cash balances using the income and expenses from the cash basis profit and loss reports and the cash balances from the prior year balance sheet reports, the ending cash balances did not agree with the cash balances in the balance sheet reports for each year end.

Additionally, receipts were not issued for all monies at the time of collection and not receipted to the accounting records ledger until the monies were deposited to the bank. Receipt General Form 352, or an approved alternative, is to be issued for each collection. As noted in a subsequent comment, entitled *Deposits*, monies were not being deposited timely; therefore, some monies were not receipted into the accounting records up to four months after collection. As of December 31, 2024, checks were received from the County for November and December 2024 distributions, totaling \$107,084, that had not been deposited to the bank or receipted into the financial ledger until January and February of 2025.

Criteria

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

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction.

(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)

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:

TIPTON 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.

An integral part of the control activity component is segregation of duties. . . ."

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B58979, entitled *LATE SUBMISSION OF ANNUAL FINANCIAL REPORT*.

Condition and Context

Adequate internal controls were not in place to ensure the Annual Financial Report (AFR) financial and other information that is required to be submitted via the Indiana Gateway for Government Units financial reporting system annually was submitted timely and is supported by the District's accounting records. The following AFR line items could not be verified to the accounting records:

Fund	Year	Receipts			Disbursements		
		AFR	Accounting	Difference	AFR	Accounting	Difference
Tipton County Solid Waste	2021	\$ -	\$ -	\$ -	\$ 348,621	\$ 321,510	\$ 27,111
Tipton County Solid Waste	2022	266,437	289,388	(22,951)	231,644	242,385	(10,741)
Tipton County Solid Waste	2023	282,934	300,355	(17,421)	-	-	-
Tipton County Solid Waste	2024	223,430	225,654	(2,224)	199,839	249,805	(49,966)

All Funds
End of Year Cash and Investment Balance
Accounting

Year	AFR	Records	Difference
2021	\$ 319,136	\$ 320,693	\$ (1,557)
2022	353,929	335,125	18,804
2023	405,219	389,845	15,374
2024	428,810	365,914	62,896

Furthermore, the AFR cash and investment balance as of January 1, 2024, for the Tipton County Solid Waste fund was \$86,084 more than the previously reported balance on December 31, 2023. No reasons were provided for this change in cash and investment balance.

As noted previously in the comment, entitled *Condition of Records*, the District's accounting records were not accurate and complete. As we were unable to determine what errors existed in the accounting records and AFRs, which are the source of the Statements of Receipts, Disbursements, and Schedule of Cash and Investment Balances - Regulatory Basis, they were not included in this report.

Additionally, the District did not submit its AFRs in a timely manner. The District submitted its AFRs after the deadline for calendar years 2021, 2022, 2023, and 2024 by 16 days, 3 days, 4 days, and 1 day, respectively.

TIPTON COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

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 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)

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. . . ."

DEPOSITS

The same comment also appeared in prior Report B58979.

Condition and Context

Internal controls were not in place to ensure compliance with laws and guidelines regarding the depositing of receipts. In numerous instances, the District received checks throughout the engagement period for local distributions from the County, and the checks were not deposited in a timely manner. Some checks were held up to four months before being deposited.

Criteria

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

TIPTON COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

(2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.

(3) A city or a town required to deposit funds under subsection (d). . . ."

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. . . ."

ADOPTION OF, AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B58979.

Condition and Context

Internal controls were not in place to ensure compliance with laws and guidelines over the adoption of internal control standards and accurate certification of the internal control adoption. The District did not adopt the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

The District improperly certified on the Annual Financial Report filed in the Indiana Gateway for Government Units financial reporting system that the District had adopted the minimum internal control standards as required.

Criteria

Indiana Code 5-11-1-27 states in part:

". . . (g) 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.

TIPTON COUNTY SOLID WASTE MANAGEMENT DISTRICT
COMMENTS
(Continued)

(h) After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#). . . ."

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:

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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. . . ."