



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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April 8, 2022

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Cass County Solid Waste Management District (District), Cass County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The District's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B46215.

Condition and Context

The District's financial information was entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report (AFR) and financial statements.

The District's AFR for 2020 understated receipt and disbursement activity as it omitted all receipts and disbursements for the year, which did not reflect the true activity of the District. Upon resubmission of the AFR for 2020, the District duplicated all receipt and disbursement activity from its 2019 AFR, which did not match the District's 2020 year-to-date receipt and disbursement totals recorded in the District's ledger and fund report.

In addition, the District's AFR for 2017 included the Solid Waste Management Fund with a beginning balance that was \$31,705 more than the prior period (2016) ending balance. Beginning and ending balances should agree.

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

Condition and Context

The District had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

In addition, District employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the District, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The District certified on the Indiana Gateway for Government Units (Gateway) financial reporting system, that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the District indicated that it had not adopted the minimum internal control standards.

In addition, the District certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the District; however, during the engagement, the District indicated that all required personnel had not received training concerning the internal control standards.

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 not later than sixty (60) days after the close of each fiscal year. 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

Depository reconciliations of the District's fund balances to its bank account balances were conducted; however, the December 31, 2020 reconciliation did not balance. As a result, the financial statement's ending cash and investment balance was \$2,307 less than the adjusted bank balance (cash long).

In addition, although the District is performing monthly reconciliation procedures, the District is not reconciling all depository accounts, including its certificates of deposit, to the ending cash and investment balance reported in its AFR.

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)

COMPENSATION AND BENEFITS

Condition and Context

The District had not provided an annual salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of District officers and employees during the engagement period.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

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.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 12-31-20
Solid Waste Management Fund	<u>\$ 304,129</u>
Total	<u><u>\$ 304,129</u></u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Brena Pearson, Director; Cathy Isaacs, Controller; and Michael Stajduhar, Chair of the District Board, on March 21, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

CASS COUNTY



COMMISSIONERS

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Ryan Browning
Ruth Baker
Michael Stajduhar

March 29, 2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: Ashlin Abney

This is in response to the results of the audit for the Cass County Solid Waste Management District. I have served on this Board since the beginning of 2021 and was elected President at the beginning of this year.

After reviewing the results of the audit, I conducted a personal investigation of the financial records sampling some of the months within the audit period. My research revealed that while the bank statements are being properly reconciled, the financial statements are not in balance from month to month. This allowed for various errors to remain undetected. As an example, I discovered one numerical transposition error which caused a relatively minor error on the financial statement.

This problem will be immediately corrected by beginning use of certain forms which we should have begun using once they were given to us. While our past financial statements contain some relatively minor errors, I am confident that there was no financial malfeasance and the bank accounts themselves are in balance.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael Stajduhar", is written over a faint, circular official stamp.

Michael Stajduhar, Commissioner
President of Cass County Solid Waste Management District Board