

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
MONROE COUNTY SOLID WASTE DISTRICT
MONROE COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
08/29/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Judith A. Tedesco (Interim)	01-01-04 to 02-16-04
	Mary Ellen Gray	02-17-04 to 07-03-04
	Vacant	07-04-04 to 07-13-05
	Tom McGlasson	07-14-05 to 12-31-06
Controller	Judith A. Tedesco	01-01-04 to 05-14-04
	Shirley L. McMurry	05-15-04 to 12-31-06
President of the Board	Iris Kiesling	01-01-04 to 12-31-04
	Patrick Stoffers	01-01-05 to 12-31-06



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE MONROE COUNTY SOLID
WASTE DISTRICT, MONROE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Monroe County Solid Waste District (District), for the period of January 1, 2004 to December 31, 2005. The District's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 17, 2006

MONROE COUNTY SOLID WASTE MANAGEMENT DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, INTERNAL SERVICE AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
Solid Waste Management (General)	\$ 531,199	\$ 3,347,727	\$ 3,469,339	\$ 409,587
Bond Reserve	219,613	-	875	218,738
Nonreverting Capital	84,612	202,196	-	286,808
Internal Service Fund:				
Self Insurance Trust	3,696	186,172	177,650	12,218
Retirement Forfeiture Account	-	21,595	1,589	20,006
Fiduciary Funds:				
Employee Vending Machine	1,039	197	-	1,236
Landfill Closure/Post-Closure Trust	492,757	23,520	14,644	501,633
Totals	<u>\$ 1,332,916</u>	<u>\$ 3,781,407</u>	<u>\$ 3,664,097</u>	<u>\$ 1,450,226</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
Solid Waste Management (General)	\$ 409,587	\$ 1,879,580	\$ 2,439,445	\$ (150,278)
Bond Reserve	218,738	-	6,240	212,498
Nonreverting Capital	286,808	-	286,808	-
Internal Service Fund:				
Self Insurance Trust	12,218	131,384	133,626	9,976
Retirement Forfeiture Account	20,006	-	8,014	11,992
Fiduciary Funds:				
Employee Vending Machine	1,236	133	-	1,369
Landfill Closure/Post-Closure Trust	501,633	23,256	14,899	509,990
Totals	<u>\$ 1,450,226</u>	<u>\$ 2,034,353</u>	<u>\$ 2,889,032</u>	<u>\$ 595,547</u>

The accompanying notes are an integral part of the schedules.

MONROE COUNTY SOLID WASTE DISTRICT
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: recycling services and recycling education.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Long-Term Debt

The District has entered into various debts such as bonds for recycling center, education center, administration offices and sanitation garage and a loan for closing expenses of the landfill. The outstanding principal at December 31, 2005, was \$1,765,000.

MONROE COUNTY SOLID WASTE DISTRICT
NOTES TO SCHEDULES
(Continued)

Note 7. Subsequent Event

On January 10, 2004, the landfill caught fire. Due to the fire, the landfill eventually closed. Indiana Department of Environmental Management (IDEM) has mandated that improvements be made to the landfill. These improvements would cost an estimated \$750,000. Although none have been levied at this time, it is possible that IDEM may impose fines against the landfill.

There will be basic facility operating expenses during the closure years which include, but are not limited to: leachate disposal, well monitoring, mowing, wages, insurance, utilities, repair and maintenance, professional service fees, etc. The District is projecting a budget of \$225,000 to \$300,000 a year for these expenses.

There are other items that are still not determined which includes the removal of an old leachate pond and some additional erosion repair and sediment control work.

Note 8. Restatement

For the year ended December 31, 2003, certain changes have been made to the financial statements to more appropriately reflect financial activity of the District. The following schedule presents a summary of restated beginning balances. Prior period adjustments represent a restatement of the Landfill Closure/Post-Closure Trust Fund to the market value of the investments.

<u>Fund</u>	Balance as Reported December 31, 2003	Prior Period Adjustments	Balance as Restated January 1, 2004
Landfill Closure/Post-Closure Trust	\$ 502,067	\$ (9,310)	\$ 492,757

MONROE COUNTY SOLID WASTE DISTRICT
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST AND OTHER CHARGES

During 2004, a total of \$5,037 was paid in late fees and charges on leases and notes due to cash flow problems. Also, in 2004 and 2005 late fees and finance charges of \$63 and \$48 respectively, were paid to VISA.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping were present during our period of audit:

1. The General Ledger Cash Balance was not reconciled to the correct amount for the Retire Forfeiture Account at December 31, 2005.
2. The Fixed Asset Detail does not reconcile with the General Ledger.
3. The Nonreverting Capital Fund was reported on the 2004 and 2005 Annual Report, however this was not an actual fund. This fund is part of the Solid Waste Management Fund.
4. The Annual Report did not agree to the General Ledger for 2004 and 2005.

Indiana Code 5-13-6-1(e) states in part: "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."

MONROE COUNTY SOLID WASTE DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCE

The cash balance of the Solid Waste Management Fund was overdrawn at December 31, 2005.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Solid Waste Management District	2004	<u>\$ 383,657</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

MONROE COUNTY SOLID WASTE DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2006, with Shirley L. McMurray, Controller; and Patrick Stoffers, President of the Board.