

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

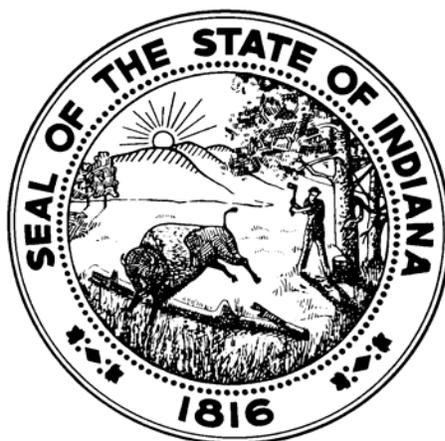
EXAMINATION REPORT

OF

LAWRENCE COUNTY SOLID WASTE MANAGEMENT DISTRICT

LAWRENCE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
09/21/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ron Walker	01-01-04 to 12-31-06
Controller	Julia K. Shaw	01-01-04 to 12-31-06
President of the Board	Tim Terry	01-01-04 to 12-31-04
	David Flinn	01-01-05 to 12-31-05
	Lonnie D. Johnson	01-01-06 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Lawrence County Solid Waste Management 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 27, 2006

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

	<u>Cash and Investments 01-01-04</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-04</u>
Governmental Fund:				
Solid Waste Management (General)	<u>\$ 348,687</u>	<u>\$ 1,121,773</u>	<u>\$ 1,306,167</u>	<u>\$ 164,293</u>
	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Governmental Funds:				
Solid Waste Management (General)	\$ 164,293	\$ 2,417,819	\$ 1,289,278	\$ 1,292,834
Nonreverting Capital Fund	<u>-</u>	<u>87,500</u>	<u>-</u>	<u>87,500</u>
Totals	<u>\$ 164,293</u>	<u>\$ 2,505,319</u>	<u>\$ 1,289,278</u>	<u>\$ 1,380,334</u>

The accompanying notes are an integral part of the schedules.

LAWRENCE COUNTY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO SCHEDULES

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board and provides solid waste disposal, education and recycling services.

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.

LAWRENCE COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXAMINATION RESULTS AND COMMENTS

APPROVAL OF FORMS

The District was using the following form which had not been approved for use in lieu of prescribed forms:

Transfer Station Tipping Fee Ticket

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

DEPOSITS

As stated in the prior Examination Report, collections were deposited later than the next business day. During the audit, 25 transfer station tickets were examined and all 25 were deposited later than the next business day. During the years 2004 and 2005, transfer station collections were only deposited on 30 and 19 occasions, respectively.

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. . . ."

RECEIPT ISSUANCE

Receipts were not issued when collections were transferred between employees. No receipts were written when the Bookkeeper collected funds from the transfer station. Receipts issued to transfer station attendants would provide a paper trail from the point of collection to the deposit.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PUBLIC RECORDS RETENTION

In some instances, prenumbered transfer station tickets were not retained for audit. The results of an examination of the transfer station tickets for February, March and December 2005, discovered that several tickets were missing. From February 26 to April 1, 561 tickets were issued and 47 tickets were missing. From December 1 to December 31, 308 tickets were issued and 35 were missing.

LAWRENCE COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

INTERNAL CONTROLS

The cash change fund at the transfer station was examined on July 26, 2006, and found to be \$16.80 cash long. Upon examination of the cash change fund, it was determined that the funds available for review, were collections from the previous day, and there had been three prenumbered tickets issued. Ticket number 51482 was for \$8.00 cash and ticket number 51484 was a check for \$22.68. Ticket number 51483 was not available for review, but it was indicated that this ticket was for a charge account. There had not been a deposit made since June 22, 2006, and no receipts had been written and the funds collected prior to July 25, 2006, were not available to be counted. A deposit was made on July 27, 2006, in the amount of \$18,387.66.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

LAWRENCE COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2006, with Ron Walker, Director; Julia K. Shaw, Controller; and Teresa Swango, Bookkeeper. The officials concurred with our findings.