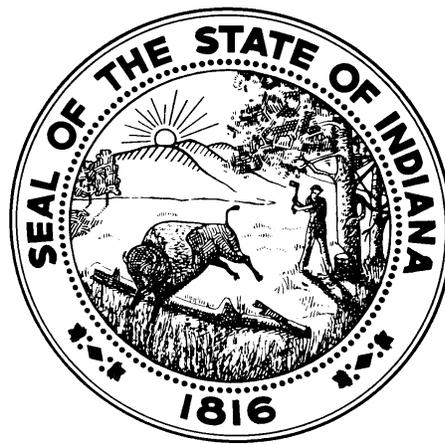


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
LIBERTY REGIONAL WASTE DISTRICT
DELAWARE COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
10/17/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5-6
Supplementary Information:	
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Optical Images of Warrants	8
List of Employees Not Filed With County Treasurer	8
Personal Expenses.....	8-9
Errors on Accounts Payable Vouchers.....	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Office Manager	Kathy May	01-01-06 to 12-31-08
Superintendent	Brian Hazelbaker Brad Haney	01-01-06 to 05-17-06 05-18-06 to 12-31-08
Treasurer	Joyce M. Pearson Peggy J. Selvey	01-01-06 to 12-31-07 01-01-08 to 12-31-08
President of the Board of Trustees	Ronald Barrett	01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LIBERTY REGIONAL WASTE DISTRICT, DELAWARE COUNTY, INDIANA

We have examined the financial information presented herein of Liberty Regional Waste District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

September 10, 2008

LIBERTY REGIONAL WASTE DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Proprietary Funds:				
Wastewater Operating	\$ 107,388	\$ 858,740	\$ 889,855	\$ 76,273
Wastewater Bond and Interest	103,492	189,240	188,215	104,517
Wastewater Depreciation	-	4,359	-	4,359
Wastewater Debt Reserve	175,777	22,565	-	198,342
Wastewater SRF Construction	-	114,490	114,490	-
Totals	<u>\$ 386,657</u>	<u>\$ 1,189,394</u>	<u>\$ 1,192,560</u>	<u>\$ 383,491</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Proprietary Funds:				
Wastewater Operating	\$ 76,273	\$ 983,723	\$ 944,210	\$ 115,786
Wastewater Bond and Interest	104,517	190,222	220,309	74,430
Wastewater Depreciation	4,359	3,859	-	8,218
Wastewater Debt Reserve	198,342	8,978	6,071	201,249
Totals	<u>\$ 383,491</u>	<u>\$ 1,186,782</u>	<u>\$ 1,170,590</u>	<u>\$ 399,683</u>

The accompanying notes are an integral part of the financial information.

LIBERTY REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: wastewater treatment, trash pickup, and general administrative 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. 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 4. Pension Plan

Public Employees' Retirement Fund

Plan Description

The District contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the District authority to

LIBERTY REGIONAL WASTE DISTRICT
NOTES TO FINANCIAL INFORMATION
(Continued)

contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 5. Subsequent Event

Solid Waste Disposal Service

The Liberty Regional Waste District has obtained approval from the Indiana Department of Environmental Management to expand their purpose to include solid waste collection and disposal. The District anticipates having a trash collection and disposal program in place by October 2008. The program will be funded by user charges.

LIBERTY REGIONAL WASTE DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Waste District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Revenue bonds:		
Refunding of 1989 bond issue	\$ 45,000	\$ 47,115
State Revolving Fund (SRF) Loans:		
Waste collection system improvements of 2001	1,900,000	125,300
Waste collection system improvements of 2004	<u>244,494</u>	<u>*</u>
Total Debt	<u>\$ 2,189,494</u>	<u>\$ 172,415</u>

* Loan draw downs were not yet considered complete at 12-31-07 and the final amortization schedule had not been established.

LIBERTY REGIONAL WASTE DISTRICT
EXAMINATION RESULTS AND COMMENTS

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Some officials or employees of the Liberty Regional Waste District had money due from the Waste District, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

PERSONAL EXPENSES

Payments were found for items which are personal in nature and not related to the function or purpose of the Waste District. The items purchased included birthday cakes for employees, meals at employee Christmas parties, and sympathy flowers and cards.

LIBERTY REGIONAL WASTE DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ERRORS ON ACCOUNTS PAYABLE VOUCHERS

The following deficiencies were noted on accounts payable vouchers during the examination period:

- (1) None of the accounts payable vouchers for the purchase of postage were included on the Accounts Payable Voucher Register for board approval.
- (2) Of the accounts payable vouchers tested, 70% were not signed verifying receipt of the goods or service.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

LIBERTY REGIONAL WASTE DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 10, 2008, with Peggy J. Selvey, Treasurer; Ronald Barrett, President of the Board of Trustees; Brad Haney, Superintendent; and Kathy May, Office Manager.