

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

EXAMINATION REPORT
OF

CLARK COUNTY SOLID WASTE
MANAGEMENT DISTRICT
CLARK COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
06/04/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Sharon M. Marra (Vacant)	01-01-06 to 04-09-09 04-10-09 to 12-31-09
Controller	Jeffrey L. Cox, CPA	01-01-06 to 12-31-09
President of the Board	Ralph Guthrie Mike Moore Ronald T. Grooms	01-01-06 to 12-31-06 01-01-07 to 04-02-09 04-03-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Clark County Solid Waste Management 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 Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. The schedule 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

April 28, 2009

CLARK COUNTY SOLID WASTE MANAGEMENT DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Funds:				
General	\$ 339,398	\$ 1,134,431	\$ 1,268,183	\$ 205,646
Nonreverting Capital	64,869	1,884	-	66,753
Fiduciary Fund:				
HHW Task Force Grant	<u>69,205</u>	<u>-</u>	<u>51,686</u>	<u>17,519</u>
Totals	<u>\$ 473,472</u>	<u>\$ 1,136,315</u>	<u>\$ 1,319,869</u>	<u>\$ 289,918</u>

	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Funds:				
General	\$ 205,646	\$ 867,696	\$ 1,028,200	\$ 45,142
Nonreverting Capital	66,753	1	-	66,754
Fiduciary Fund:				
HHW Task Force Grant	<u>17,519</u>	<u>99,622</u>	<u>63,068</u>	<u>54,073</u>
Totals	<u>\$ 289,918</u>	<u>\$ 967,319</u>	<u>\$ 1,091,268</u>	<u>\$ 165,969</u>

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

CLARK COUNTY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides sanitation 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. 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.

CLARK COUNTY SOLID WASTE MANAGEMENT DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 99,182
Machinery and equipment	<u>41,695</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 140,877</u>

CLARK COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULTS AND COMMENTS

DELINQUENT ACCOUNTS RECEIVABLE

A comparison of year end accounts receivable balances showed a sizeable increase in relation to the prior year's balance and in relation to net billings for curbside recycling services as shown below:

<u>Year</u>	<u>Net Billings</u>	<u>Accounts Receivable December 31</u>	<u>Percentage Increase in Accounts Receivable</u>	<u>Accounts Receivable as Percentage of Net Billings</u>
2006	\$ 1,426,549	\$ 1,572,031	N/A	110%
2007	1,213,218	2,032,038	29%	167%
2008	823,635	2,173,738	7%	264%

N/A = Not available

The District pursued collection of delinquent accounts by taking customers to court and obtaining a judgment against the customer if the account was not paid. The District discontinued this practice in the year 2005. Net billings decreased for the year 2008 because curbside recycling services were discontinued for certain areas of the County. However, the delinquent accounts from these nonservice areas are still carried in accounts receivable, causing accounts receivable as percentage of net billings to increase for the year 2008.

Our review of current billing and collection procedures showed that the Board contracted with a private company in the year 2008 to bill and collect on current customers receiving curbside recycling services. However, there is no current effort made to collect on delinquent accounts from former customers.

No documentation was presented for examination showing that the District has evaluated their accounts receivable balance to determine the amount that would be uncollectible. No written policy was presented for examination regarding the write-off of uncollectible accounts. Accordingly, information was not available to determine the net realizable value of year end accounts receivable.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

IC 13-21-14-8 states: "If a fee established is not paid within the time fixed by the board, the amount, together with: (1) a penalty of twenty-five dollars (\$25); and (2) a reasonable attorney's fee; may be recovered in a civil action in the name of the district."

ACCOUNTS RECEIVABLE RECORDS

No detailed aged accounts receivable trial balance, showing individual customer accounts receivable, was presented for examination for the years ended December 31, 2006 and 2007. Because no detailed aged accounts receivable record was presented, we were not able to determine if the detailed customer accounts receivable at year end agreed with the "Billing Summary" record, which reports accounts receivable in total. The "Billing Summary" record could be used as an accounts receivable control, but was not used for that purpose.

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 7)

A separate control account should be carried on General Ledger Sheet, General Form No. 315 (or other approved form). This account will be debited with the total monthly billing to all customers including penalties. This account will be credited with the total accounts receivable collections and penalties and shown by the Register of Daily Cash Receipts (Controller's Ledger). Under normal conditions the individual active accounts of customers should at all times show debit balances and at the end of each month the individual active accounts should be added and the total so obtained checked against the balance of the control account. If any adjustments are necessary to be made either to the control or to the individual active accounts, proper explanation should be recorded in the records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 22)

COMPUTER GENERATED FORMS

The District uses a computer program to generate its general ledger; capital asset records; and payroll records. The forms generated have not been approved for use by the State Board of Accounts.

All governmental units are required by law to use the forms prescribed by the State Board of Accounts; however, if it is desirable to use a different form or to have a prescribed form modified to conform for computer applications, a letter and three copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

A similar comment was reported in prior Report B27526.

RESOLUTION

The District is not following Resolution 2003-R-001 on the assessment of penalties to delinquent customer accounts. The District bills its customers once a year. A couple of months after the billings are sent, the District assesses a penalty in the amount of \$25.

Resolution 2003-R-001 states in part:

"Payment of said fee is due and payable in two equal installments with the first being due on or before the 30th day after the statement date of each year and the second on or before the 90th day after the statement date of each year. Failure to pay installments within 30 days of the due date will cause the fee to be delinquent and subject to a penalty of \$12.50. Failure to pay the second installment within 30 days of the due date will cause the second installment to be delinquent and subject to a penalty of \$12.50."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CLARK COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on April 28, 2009, with Ronald T. Grooms, President of the Board; and Jeffery L. Cox, CPA, Controller.