

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

EXAMINATION REPORT

OF

WELLS COUNTY SOLID WASTE MANAGEMENT DISTRICT

WELLS COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**  
12/30/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Laura A. Brubaker	01-01-07 to 12-31-09
President of the Solid Waste Management District Board	Paul I. Bonham	01-01-07 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of Wells County Solid Waste Management District (District) for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

December 9, 2009

WELLS 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, 2007 And 2008

	<u>Cash and Investments 01-01-07</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-07</u>
Governmental Fund:				
Solid Waste Management (General)	<u>\$ 102,263</u>	<u>\$ 73,363</u>	<u>\$ 45,117</u>	<u>\$ 130,509</u>
	<u>Cash and Investments 01-01-08</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-08</u>
Governmental Fund:				
Solid Waste Management (General)	<u>\$ 130,509</u>	<u>\$ 75,811</u>	<u>\$ 89,670</u>	<u>\$ 116,650</u>

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

WELLS 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 the service of disposal and management of solid waste.

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.

WELLS COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

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

- (1) Record balances were not reconciled to depository balances during the two year period.

IC 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."

- (2) There were a considerable number of posting errors. These errors included checks posted twice, transfers of appropriations posted as disbursements, and the ledger balance at December 31, 2007, did not agree with the ledger balance at January 1, 2008.

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)

CONTRACT

Wells County provides two laborers and a fiscal officer to the Wells County Solid Waste Management District (District) on a contractual basis. The contract requires the District to reimburse the County for gross wages and fringe benefits by December 31 of each year. There has been no reimbursement for the years 2007, 2008 and through October 31, 2009. As of October 31, 2009, the District owes Wells County \$281,843 as shown in the following schedule.

Balance Due January 1, 2007 (per prior report)	<u>\$ 55,810</u>
2007 gross wages	57,605
Employer share of FICA and Medicare	4,407
Employer share of PERF	545
Employer provided Health and Life Insurance	<u>10,287</u>
Total amount to be reimbursed Year 2007	<u>72,844</u>
2008 gross wages	59,808
Employer share of FICA and Medicare	4,575
Employer share of PERF	454
Employer provided Health and Life Insurance	<u>9,712</u>
Total amount to be reimbursed Year 2008	<u>74,549</u>

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

2009 gross wages (January 1 to October 31)	57,208
Employer share of FICA and Medicare	4,376
Employer share of PERF	551
Employer provided Health and Life Insurance	16,505
 Total amount to be reimbursed Year 2009	 78,640
 Balance Due Wells County	 \$ 281,843

A similar comment appeared in prior Report B30175.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

APPROPRIATIONS

The Solid Waste Management (General) Fund operated during the year 2008 without an approved budget. The original budget was not approved by the Indiana Department of Local Government Finance (DLGF) due to improper advertising. There was no proof that an additional appropriation had been approved by the DLGF for that year.

Before the board of a district may adopt an annual budget, the budget must be:

- (1) approved by the Indiana Department of Local Government Finance; and
- (2) sent to:
  - (A) the executive; and
  - (B) the fiscal body;

of each county and municipality located within the district as a matter of record. [IC 13-21-3-21]

The board of directors of a solid waste management district established under IC 13-21 or IC 13-3.5-2 (before its repeal) may conduct the public hearing regarding the district's proposed budget and its proposed tax rate and levy required under IC 6-1.1-17-3(a):

- (1) in any county of the solid waste management district; and
- (2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 3)

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

DEPOSITS

There were instances where receipts were deposited later than the next business day. The following Wells County tax distribution checks were deposited in the District's bank account as follows:

<u>Distribution Dates</u>	<u>Amount of Distribution</u>	<u>Date Deposited in District Bank Account</u>
08-21-07	\$ 61,740.06	09-19-07
12-26-07	53,581.75	04-22-08
07-30-09	64,697.91	Not deposited as of 11-05-09

IC 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. . . ."

PENALTIES, INTEREST, AND OTHER CHARGES

During the test of disbursements, it was noted that payments to vendors and other suppliers of goods and services are not being made in a timely manner. Of the disbursements tested, 20% had past due amounts on the invoice. There was also evidence of a post dated check issuance where a vendor inquired as to the status of a bill owed on a date two months after the check date.

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)

CAPITAL ASSETS RECORDS

An inventory or record of capital assets using Form 369 Capital Assets Ledger, or an approved alternate form is not maintained.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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

MINUTES OF MEETINGS

Minutes of meetings of the Solid Waste Management District Board were not provided or were incomplete.

Memoranda (minutes) of the meeting shall include the following items:

1. Date, time, and place of the meeting;
2. Members present and absent;
3. The general substance of all matters proposed, discussed or decided; and
4. A record of all votes taken, by individual members if there is a roll call. The memoranda should be available to the public within a reasonable period of time after the meeting. [IC 5-14-1.5-4]

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 12)

ANNUAL REPORTS

There was no annual financial report filed with the State Board of Accounts for the years 2007 or 2008.

The District shall prepare and file an annual financial report, required under IC 5-11-1-4(a), which states in part: "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year . . . "

WELLS COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2009, with Laura A. Brubaker, Controller; Paul I. Bonham, President of the Solid Waste Management District Board; and Ted L. Ellis, District Board member.