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

ANNUAL FINANCIAL REPORT

2009

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT

ALLEN COUNTY, INDIANA



**FILED**  
08/04/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Anthony Burrus	01-01-09 to 12-31-10
Administrative Assistant	Carol Strauss	01-01-09 to 12-31-10
President of the Board	Linda Bloom	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities of the Allen County Solid Waste Management District (Solid Waste Management District), a component unit of Allen County, as of and for the year ended December 31, 2009, which collectively comprise the Solid Waste Management District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Solid Waste Management District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Solid Waste Management District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities of the Solid Waste Management District as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

The Solid Waste Management District has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Solid Waste Management District's basic financial statements. The Schedule of Capital Assets is presented for additional analysis and is not a required part of the basic financial statements. The Schedule of Capital Assets has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 24, 2010

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
 STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
 For The Year Ended December 31, 2009

<u>Functions/Programs</u>	Disbursements	Program Receipts		Net Disbursement and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
Sanitation	\$ 1,865,276	\$ 1,066,588	\$ 36,848	\$ (761,840)
General receipts:				
Miscellaneous				108,107
Change in net assets				(653,733)
Net assets - beginning				3,436,014
Net assets - ending				\$ 2,782,281
<u>Assets</u>				
Cash and investments				\$ 2,782,281
<u>Net Assets</u>				
Unrestricted				\$ 2,782,281

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General
Receipts:	
Intergovernmental	\$ 36,848
Charges for services	1,066,588
Other	108,107
Total receipts	1,211,543
Disbursements:	
Sanitation	1,666,870
Capital outlay	198,406
Total disbursements	1,865,276
Deficiency of revenue over disbursements	(653,733)
Cash and investment fund balance - beginning	3,436,014
Cash and investment fund balance - ending	\$ 2,782,281
Total cash and investment assets - December 31	\$ 2,782,281
Total cash and investment fund balance - December 31	\$ 2,782,281

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Solid Waste Management District, a component unit of Allen County, was established under the laws of the State of Indiana on April 2, 1991. The Solid Waste Management District is a special taxing district which operates under a seven member appointed governing board that oversees solid waste removal in Allen County.

The Solid Waste Management District's financial reporting entity is composed of the following:

Primary Government: Allen County Solid Waste Management District

The Solid Waste Management District is considered a component unit of Allen County because a financial benefit/burden relationship exists between the Solid Waste Management District and the County.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the Solid Waste Management District has not established any enterprise funds.

The Solid Waste Management District reports the following major governmental fund:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

C. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Solid Waste Management District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The Solid Waste Management District does not have any enterprise funds or internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Prior to the first required publication, the fiscal officer of the Solid Waste Management District submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Solid Waste Management District receives approval of the Indiana Department of Local Government Finance.

The Solid Waste Management District's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Solid Waste Management District does not have a deposit policy for custodial credit risk. At December 31, 2009, the Solid Waste Management District had deposit balances in the amount of \$2,782,281.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

IV. Other Information

Risk Management

The Solid Waste Management District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees are covered by commercial insurance from independent third parties.

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical benefits to employees, retirees, and dependents (excluding postemployment benefits) are included in the Allen County Health Insurance Program.

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

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	\$ 196,785
Machinery and equipment	829,246
Transportation equipment	<u>77,604</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,103,635</u>

ALLEN COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on June 24, 2010, with Anthony Burris, Director, and Carol Strauss, Administrative Assistant. Our audit disclosed no material items that warrant comment at this time.