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

EXAMINATION REPORT

OF

WABASH COUNTY SOLID WASTE MANAGEMENT DISTRICT

WABASH COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**  
11/12/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Steve I. Johnson	01-01-08 to 12-31-10
Fiscal Officer	Ken E. Ahlfeld	01-01-08 to 12-31-10
President of the Solid Waste Management District Board	Dean Eppley Robert E. Vanlandingham Brian K. Haupert	01-01-08 to 12-31-08 01-01-09 to 12-31-09 01-01-10 to 12-31-10



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Wabash County Solid Waste Management District (District), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

August 19, 2010

WABASH 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, 2008 And 2009

	<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)	\$ 900,050	\$ 503,046	\$ 955,597	\$ 447,499
	<u>Cash and Investments 01-01-09</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-09</u>
Governmental Fund:				
Solid Waste Management (General)	\$ 447,499	\$ 422,051	\$ 552,425	\$ 317,125

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

WABASH 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, with 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.

WABASH COUNTY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 5. Pension Plan

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 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. The District is a member of Wabash County's PERF plan through an inter-local agreement. Funding requirements and actuarial information can be found in the Examination Report of Wabash County for the year 2009.

WABASH COUNTY SOLID WASTE MANAGEMENT DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loan payable:		
Construction loan	\$ 382,839	\$ 32,979

WABASH COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The District is using Quick Books Pro for its computer generated accounting system. This accounting system has not been approved for use.

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)

POST DATING OF CHECKS

Three checks dated in January 2010 cleared the bank in December 2009.

Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

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)

ANNUAL REPORT AND FORM 100R

An annual report and Form 100R were not prepared or filed with the State Examiner for the years 2008 and 2009.

Indiana Code 5-11-1-4 states:

"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. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

IC 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

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

CAPITAL ASSETS

A complete inventory or record of capital assets was not presented for examination.

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 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)

ERRORS ON CLAIMS

The following deficiencies were noted during the testing of claims:

- (1) Several claims were not adequately itemized.
- (2) Several claim registers did not have board approval.

Indiana Code 5-11-10-1.6(c) states:

"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."

DEPOSITS

We noted instances where receipts were deposited later than the next business day.

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. . . ."

PENALTIES, INTEREST, AND OTHER CHARGES

In 2008, \$918 in non-sufficient funds fees was paid to Wells Fargo Bank and \$197 in late fees was paid to Crossroads Bank for late loan payments.

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.

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

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)

SERVICE AND TIME RECORDS

Employee time, attendance, or service records were not maintained for all employees.

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)

WABASH COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2010, with Ken E. Ahlfeld, Fiscal Officer; and Steve I. Johnson, Director. The official response has been made a part of this report and may be found on pages 12 through 14.



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## OFFICIAL RESPONSE

August 21, 2010

Mr. Gary DeWitt  
Field Supervisor  
Indiana State Board of Accounts  
11768 N Roanoke Road  
Roanoke, Indiana 46783

Re: Wabash County Solid Waste Management  
District 2008/2009 Examination Results and Comments

Dear Gary,

Please consider this our official response to the audit results and comments referenced above. I will address the auditor's comments in the order listed in the report.

(1) PRESCRIBED FORMS -

The Wabash County Solid Waste District continues to search for accounting software approved by the Indiana SBOA. At this time, I am not aware of any approved software. If I am mistaken, please advise so we can evaluate that software.

(2) POST DATING OF CHECKS -

I have instructed the office administrator who prepares checks to date them on the day of preparation. The problem occurred because she is authorized by our directors to issue utility checks, and other payments potentially subject to late charges, in advance of our monthly meeting. She was attempting to issue checks dated in the same month as the meeting - in other words, post dating them - and occasionally mistakenly mailed the checks before the issue date on them. The practice has been corrected.

(3) ANNUAL REPORT AND FORM 100-R -

As we explained to the auditor, numerous computer crashes and software malfunctions during 2008 caused us to have to re-enter all of 2008 and 2009 transactions in different software well after 2008 ended. That caused a delay in the preparation of the 2008 and 2009 annual reports. The reports were completed as soon as possible and were made available to the auditor. I will forward new copies to the State Examiner. The district's reports have always previously been filed timely and will be in 2010.

(4) APPROPRIATIONS -

The auditor calculated an excess of expenditures above appropriations for 2009 in the amount of \$3,434. I researched the problem and found that I erroneously did not provide her a copy of the meeting minutes from January, 2009. In that meeting, the directors approved encumbrances from 2008 into 2009 in the amount of \$28,749. We, therefore, did not exceed appropriations at all. In fact, including the encumbrances means our total adjusted budget was \$25,315 more than what the District actually expended. If possible, I would appreciate your considering removing that comment from the final audit report. I have enclosed the meeting minutes and other documentation for inclusion in the audit work paper file so you can remove the comment if possible.

(5) CAPITAL ASSETS -

I actually do not understand the capital asset comment. I provided the records of capital assets we maintain at the District. In the exit conference, the auditor and I agreed to work together to update the records to agree with SBOA records in the next audit cycle.

(6) ERRORS ON CLAIMS -

In the auditor's opinion, some claims' supporting documentation was not sufficiently itemized. While I note the comment, I disagree. The Wabash County Solid Waste District maintains as complete and accurate documentation of expenditures as possible and often goes beyond what is expected of public entities to provide that.

As to the comment that "several claims did not have board approval", I respectfully request that you consider revising that comment. Our District gets proper board approval of EVERY expenditure at the monthly board meetings and that approval is documented in the minutes of every meeting. What the auditor actually found was that the board president inadvertently failed to sign some of the approved claims registers. While I understand her contention that without signature, there is no proof that the claims register was complete when approved at the meeting, the reality of the situation is that the board president simply forgot to sign the register in some instances. I have implemented procedures to insure that all registers get signed in the future.

(7) DEPOSITS -

I am aware of the requirement to deposit daily and have instructed the person responsible for deposits to follow that. Due to budget constraints, staffing has been cut. The result is that the office administrator just didn't always have time to prepare deposits daily.

(8) PENALTIES, INTEREST AND OTHER CHARGES -

As conscientious stewards of public entity funds, the District has several policies in place to insure timely payment of claims. During this audit cycle, a couple of disputes arose with a local bank as to whether or not the District had requested funds transfers from savings to checking to cover checks issued. In one of the instances, the bank reversed insufficient funds charges. In the other, they refused. That led to the \$918 insufficient funds charges paid. The District subsequently changed banks during 2008 over the dispute. I do wish to stress, however, that at NO time did the District ever issue checks in excess of deposits at the bank. The bank simply failed to move funds from a savings account to checking before checks were processed. The \$197 in late fees for late loan payments occurred because payments were due before the claims for those payments could be approved at the monthly meeting. That has since been corrected by including the loan payments in the resolution allowing early payment of recurring items.

(9) SERVICE AND TIME RECORDS -

Hourly employee service and time records are maintained as required. I was not, however, aware that requirement applied to salaried positions. The auditor's comment is noted and we will immediately start using Form 99-A to comply as the auditor suggested.

Please include the "OFFICIAL RESPONSE" as part of the District's final audit report for the 2008 / 2009 audit period. If you have questions or comments please feel free to contact me at your convenience.

Very truly yours,  
Wabash Co Solid Waste  
Management District



Ken Ahlfeld, CPA  
Controller