

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

EXAMINATION REPORT
OF

HARRISON COUNTY SOLID
WASTE MANAGEMENT DISTRICT
HARRISON COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
04/21/2011

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 Capital Assets..... | 7 |
| Examination Results and Comments: | |
| Condition of Records | 8 |
| Financial Report Opinion Modification..... | 8 |
| Personal Expenses..... | 8-9 |
| Internal Controls | 9 |
| Exit Conference..... | 10 |
| Official Response | 11 |

OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|------------------------|---|--|
| Director | Anna C. Morris (Vacant) Brett Bierly | 01-01-08 to 12-09-08 12-10-08 to 04-13-09 04-14-09 to 12-31-11 |
| Fiscal Officer | Pamela J. Wate (Vacant) | 01-01-08 to 01-11-11 01-12-11 to 01-27-11 |
| President of the Board | J. R. Eckart Terry Miller James Goldman | 01-01-08 to 12-31-08 01-01-09 to 12-31-10 01-01-11 to 12-31-11 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Harrison 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.

Except as discussed in the following paragraph, 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.

We were unable to verify the District's cash and investment balances at December 31, 2008 and 2009, since the District did not maintain a fund ledger or produce monthly bank reconciliations after July 2008.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the bank reconciliations and the District's fund balances for 2008 and 2009, 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 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. 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

January 27, 2011

HARRISON COUNTY SOLID WASTE MANAGEMENT DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUND TYPE
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) | <u>\$ 200,402</u> | <u>\$ 326,839</u> | <u>\$ 332,389</u> | <u>\$ 194,852</u> |
| | | | | |
| | <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) | <u>\$ 194,852</u> | <u>\$ 453,815</u> | <u>\$ 486,289</u> | <u>\$ 162,378</u> |

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

HARRISON 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 following services: solid waste management and education 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. 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.

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

Note 6. 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 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.

HARRISON 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: | |
| Land | \$ 180,000 |
| Buildings | 459,471 |
| Improvements other than buildings | 9,650 |
| Machinery and equipment | <u>263,208</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 912,329</u> |

HARRISON COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Solid Waste Management District. The Ledger of Receipts, Disbursements, and Balances has not been posted since July 2008. Depository reconcilements to record balances have not been completed since July 2008.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law.

IC 5-13-6-1(e) states: "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."

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 10)

FINANCIAL REPORT OPINION MODIFICATION

Accurate financial records and bank reconciliations for the years 2008 and 2009 were not presented for examination. In addition, accurate Annual Financial Reports were not available for examination for years 2008 and 2009. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditors' Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Accountant's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PERSONAL EXPENSES

Brett Bierly, Director, advised that, on at least two occasions, money was taken out of collections prior to being deposited to pay for holiday functions for employees. He estimated that the amount taken was \$150 on each occasion.

HARRISON COUNTY SOLID WASTE MANAGEMENT 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)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. Money received from charges made from collecting recycling items were allowed to accumulate for extended periods of time prior to being deposited. Receipts were not written for all collections. Receipts that were written were not prescribed by or approved by the State Board of Accounts. Deposits that were made were not reconciled to receipts written or amounts collected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

IC 5-13-6-1 requires all public funds shall be deposited not later than the business day following the receipt of funds on business days of the depository. The statute also provides that public funds shall be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision must be deposited intact. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 15)

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)

HARRISON COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 27, 2011, with James Goldman, President of the Board; and Brett Bierly, Director. The official response has been made a part of this report and may be found on page 11.



HARRISON COUNTY SOLID WASTE MANAGEMENT DISTRICT

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January 27, 2011

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, Indiana 46204-2765

Re: OFFICIAL RESPONSE

To Whom It May Concern:

Dan Waiz met with Bret Bierly, Director of Harrison County Solid Waste Management today and myself to discuss the audit report covering the period 1/1/08 – 12/31/09.

After our discussion with Mr. Waiz I agree with the findings of the audit he conducted.

The Solid Waste Management board is undertaking procedures to correct the deficiencies noted in Mr. Waiz's report.

Sincerely,

A handwritten signature in cursive script that reads "James Goldman".

James Goldman
President
Harrison County Solid Waste Management