

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

EXAMINATION REPORT
OF

RANDOLPH COUNTY SOLID WASTE
MANAGEMENT DISTRICT
RANDOLPH COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
10/04/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Steve Longnecker	01-01-09 to 12-31-11
Treasurer	Steve Longnecker	01-01-09 to 12-31-11
President of the Board	Steve Croyle	01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial schedules of the Randolph County Solid Waste Management District (District), for the period of January 1, 2009 to December 31, 2010. The District's management is responsible for the financial schedules. 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 schedules and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial schedules on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the financial position and results of operations of the District for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements and Cash and Investment Balances – Regulatory Basis, and the Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial schedules. They have not been subjected to the examination procedures applied to the financial schedules and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management, District Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 24, 2011

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FINANCIAL INFORMATION

The financial schedules were prepared and accompanying notes were approved by management of the District. The financial schedules and notes are presented as intended by the District.

RANDOLPH COUNTY SOLID WASTE MANAGEMENT DISTRICT
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 As Of and For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Solid Waste Management	\$ 421,550	\$ 220,516	\$ 309,049	\$ 333,017

The notes to the financial information are an integral part of this schedule.

RANDOLPH COUNTY SOLID WASTE MANAGEMENT DISTRICT
 SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 As Of and For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Solid Waste Management	<u>\$ 333,017</u>	<u>\$ 205,451</u>	<u>\$ 283,134</u>	<u>\$ 255,334</u>

The notes to the financial information are an integral part of this schedule.

RANDOLPH COUNTY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana to provide solid waste management services. It is a component unit of Randolph County, but is governed by a Board whose members are appointed by various governmental subdivisions.

B. Basis of Accounting

The financial schedules are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial schedules. The aggregate receipts may include, but are not limited to, the following sources:

Tipping fees collected by Randolph Farms, Inc., a local landfill. Each month's fees are remitted to the District in the following month.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: state grants.

Charges for services which can include, but are not limited to the following: recycling fees.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial schedules. The aggregate disbursements may include, but are not limited to, the following uses:

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

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

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

Note 4. Risk Management

The District may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial schedules. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

Note 5. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is 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 percent 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 schedules 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial schedules contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial schedule examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared by management of the District. It is presented as intended by the District.

RANDOLPH COUNTY SOLID WASTE MANAGEMENT DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	Solid Waste Management
Cash and investments - beginning	\$ 421,550
Receipts:	
Intergovernmental	4,390
Charges for services	196,097
Other receipts	20,029
Total receipts	220,516
Disbursements:	
Personal services	58,825
Supplies	3,039
Other services and charges	216,346
Capital outlay	30,839
Total disbursements	309,049
Deficiency of receipts over disbursements	(88,533)
Cash and investments - ending	\$ 333,017

RANDOLPH COUNTY SOLID WASTE MANAGEMENT DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	Solid Waste Management
Cash and investments - beginning	\$ 333,017
Receipts:	
Charges for services	200,347
Other receipts	5,104
Total receipts	205,451
Disbursements:	
Personal services	65,132
Supplies	2,079
Other services and charges	215,296
Capital outlay	627
Total disbursements	283,134
Deficiency of receipts over disbursements	(77,683)
Cash and investments - ending	\$ 255,334

RANDOLPH COUNTY SOLID WASTE MANAGEMENT DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2010

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	\$ 5,083
Infrastructure	42,486
Buildings	93,924
Machinery and equipment	<u>79,576</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 221,068</u>

RANDOLPH COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULTS AND COMMENTS

EXPENSE ITEMIZATION

Records presented for examination included claims for credit card payments. Detailed documentation was not attached to the information presented and only the statement was included. The itemized purchases which would enable a determination that all expenses were for employees conducting governmental business was not presented for examination.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-10)

PRESCRIBED FORMS

The following prescribed or approved form was not in use:

Ledger of Appropriation, Encumbrances, Disbursements and Balances (Form 359)

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)

RANDOLPH COUNTY SOLID WASTE DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2011, with Steve Longnecker, Director, and Steve Croyle, President of the Board. The officials concurred with our findings.