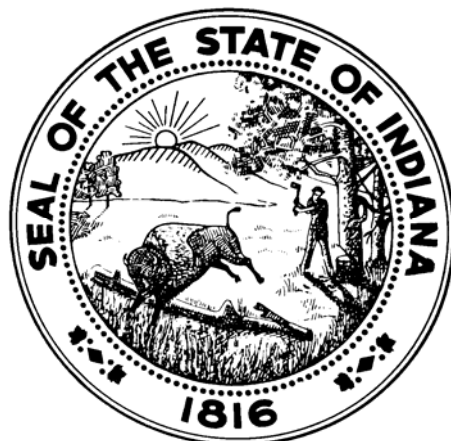


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF

WABASH COUNTY SOLID WASTE
MANAGEMENT DISTRICT
WABASH COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
7/19/06

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--|--|
| Director | Steve Johnson | 01-01-04 to 12-31-06 |
| Fiscal Officer | Ken Ahlfeld | 01-01-04 to 12-31-06 |
| President of the Solid Waste Management District Board | Brian Hauptert Lester Templin Brian Hauptert | 01-01-04 to 12-31-04 01-01-05 to 12-31-05 01-01-06 to 12-31-06 |



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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of Wabash County Solid Waste Management District (District), for the period of January 1, 2004 to December 31, 2005. The District's management is responsible for the 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the District for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 21, 2006

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, 2004 And 2005

| | <u>Cash and Investments 01-01-04</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Cash and Investments 12-31-04</u> |
|----------------------------------|--|-------------------|----------------------|--|
| Solid Waste Management (General) | \$ <u>802,548</u> | \$ <u>597,045</u> | \$ <u>682,666</u> | \$ <u>716,927</u> |
| | | | | |
| | <u>Cash and Investments 01-01-05</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Cash and Investments 12-31-05</u> |
| Solid Waste Management (General) | \$ <u>716,927</u> | \$ <u>563,713</u> | \$ <u>545,075</u> | \$ <u>735,565</u> |

The accompanying notes are an integral part of the schedules.

WABASH COUNTY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO SCHEDULES

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. 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 SCHEDULES
(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 interlocal agreement. Funding requirements and actuarial information can be found in the Annual Report of Wabash County for the year 2005.

WABASH COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULT AND COMMENT

COMPUTERIZED ACCOUNTING SYSTEM

The Solid Waste Management District utilizes the One-Write Plus software system to maintain its accounting records. This system is deficient in the areas of logical security and audit trails.

With regard to logical security, One-Write Plus does not provide for each user of the system to have their own unique identification code and password, nor does it allow for proper password security. The system also allows data files to be changed directly instead of requiring a transaction.

Access to information stored on the computer must be protected through the use of user identification codes and confidential passwords. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 11)

The One-Write Plus system documentation does not address audit trails.

Audit trails must be protected from modification and destruction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 11)

WABASH COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 21, 2006, with Ken Ahlfeld, Fiscal Officer; and Steve Johnson, Director.