

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

EXAMINATION REPORT

OF

HANCOCK COUNTY SOLID WASTE MANAGEMENT DISTRICT

HANCOCK COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
08/01/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	John Mesko	01-01-05 to 12-06-05
	Sarah Burke	12-07-05 to 08-29-06
	Roy Ballard	08-30-06 to 12-31-06
	Katherine Wampler	01-01-07 to 12-31-07
Controller	Vicki Saunders	01-01-04 to 12-31-07
President of the Board	Armin Apple	01-01-05 to 12-31-05
	Brian Kleiman	01-01-06 to 12-31-06
	Jack Heiden	01-01-07 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

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

We were engaged to examine the financial information presented herein of Hancock County Solid Waste Management District (District), for the period of January 1, 2005 to December 31, 2006. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

The accounting records of the District were not maintained in a manner that the financial information, including the receipts, disbursements, and cash and investment balances, could be reported. Financial information of the District was accounted for through the records of Hancock County and was commingled with other funds of the County in such a manner that the District's activity could not be separated. The District's records do not permit the application of other procedures to satisfy ourselves that the account balances are fairly stated.

No financial transactions are reflected in this report because of the condition of the records as stated above. However, we did examine available records to the extent possible for compliance with State statutes and with the Accounting and Uniform Compliance Guidelines Manual for Special Districts published by the State Board of Accounts. The results of this examination are stated in the Examination Results and Comments.

STATE BOARD OF ACCOUNTS

July 2, 2007

HANCOCK COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND - CONTROLLER

The Controller of the Solid Waste Management District did not have an individual surety bond on file. A similar comment appeared in prior Report B25410.

Indiana Code 5-4-1-18 states in part:

"(d) A controller of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) shall file an individual surety bond in an amount:

- (1) fixed by the board of directors of the solid waste management district; and
- (2) that is at least fifteen thousand dollars (\$15,000).

(e) Except as provided under subsection (d), a person who is required to file an individual surety bond by the board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) shall file a bond in an amount fixed by the board of directors."

LACK OF SEPARATE ACCOUNTING

Hancock County, through Resolution No. 2002-3-1, designated itself as a separate county solid waste management district on March 4, 2002. The Hancock County Solid Waste Management District (District) was funded through the Hancock County Extension departmental appropriation within the Hancock County General fund. Because the County funded the District in this manner, the District did not record receipts and District disbursements were commingled with those of the County Extension Office. The financial activity of the District was not maintained separate and distinct from the records of the County. An interlocal agreement between the District and Hancock County for fiscal services did not exist. A similar comment appeared in prior Report B25410.

Indiana Code 5-11-1-2(a) states in part:

"The state board of accounts shall formulate, prescribe, and install a system of accounting and reporting in conformity with this chapter, which must comply with the following:

- (1) Be uniform for every public office and every public account of the same class and contain written standards that an entity that is subject to audit must observe.
- (2) Exhibit true accounts and detailed statements of funds collected, received, obligated, and expended for or on account of the public for any and every purpose whatever, and by all public officers, employees, or other individuals."

Indiana Code 13-21-3-12 states in part:

"Except as provided in section 14.5 of this chapter, the powers of a district include the following:
...

- (19) The power to enter into an interlocal cooperation agreement under IC 36-1-7 to obtain:

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

- (A) fiscal;
 - (B) administrative;
 - (C) managerial; or
 - (D) operational;
- services from a county or municipality. . . ."

DISBURSEMENTS NOT APPROVED BY BOARD

The District Board did not approve claims for payment after August 21, 2002. Warrants were issued by the County after approval by the Board of County Commissioners. A similar comment appeared in prior Report B25410.

A controller selected under Indiana Code 13-21-3-9 shall do the following:

- (1) Be the official custodian of all district money.
- (2) Be responsible to the board for the fiscal management of the district.
- (3) Be responsible for the proper safeguarding and accounting of the district's money.
- (4) Issue warrants approved by the board after a properly itemized and verified claim has been presented to the board on a claim docket.
- (5) Make financial reports of district money and present the reports to the board for the board's approval.
- (6) Prepare the district's annual budget.
- (7) Perform any other duties:
 - (A) prescribed by the board; and
 - (B) consistent with this chapter.

A controller selected under section 9 of this chapter:

- (1) does not exercise any sovereign authority of the state; and
- (2) does not hold a lucrative office for purposes of Article 2, Section 9 of the Constitution of the State of Indiana.

The board may, by resolution, authorize the controller to make claim payments for:

- (1) payroll;
- (2) the state solid waste management fee imposed by Indiana Code 13-20-22-1; and
- (3) certain specific vendors identified in the resolution;

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

without the claims being first approved by the board if before payment the claims are approved in writing by the chairperson of the board or in the absence of the chairperson another member of the board designated by the chairperson. The claims shall be reviewed and allowed by the board at the board's next regular or special meeting.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 3)

ANNUAL BUDGET

The District did not have its own separate annual budget. Rather, a budget estimate was presented to officials of Hancock County and included in the County General fund appropriation for the County Extension Office. A similar comment appeared in prior Report B25410.

Before the board of a district may adopt an annual budget, the budget must be:

- (1) approved by the Indiana Department of Local Government Finance; and
- (2) sent to:
 - (A) the executive; and
 - (B) the fiscal body;

of each county and municipality located within the district as a matter of record.

The board of directors of a solid waste management district established under Indiana Code 13-21 or Indiana Code 13-3.5-2 (before its repeal) may conduct the public hearing regarding the district's proposed budget and its proposed tax rate and levy required under Indiana Code 6-1.1-17-3(a):

- (1) in any county of the solid waste management district; and
- (2) in accordance with the annual notice of meetings published under Indiana Code 13-21-5-2.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 3)

HANCOCK COUNTY SOLID WASTE MANAGEMENT DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2007, with Jack Heiden, President of the Board;
Vicki Saunders, Controller.