

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

EXAMINATION REPORT
OF
HOWARD COUNTY RECYCLING DISTRICT
HOWARD COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
10/11/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Robert Whitacre Mikki K. Jeffers (Interim) Marla A. Vehey	01-01-05 to 02-24-05 02-25-05 to 06-30-05 07-01-05 to 12-31-07
Controller	Robert Whitacre Mikki K. Jeffers (Interim) Ronald J. Metz	01-01-05 to 02-24-05 02-25-05 to 08-31-05 09-01-05 to 12-31-07
President of the Board	Paul J. Raver	01-01-05 to 12-31-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE HOWARD COUNTY RECYCLING DISTRICT, HOWARD COUNTY, INDIANA

We have examined the financial information presented herein of the Howard County Recycling 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.

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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 22, 2007

HOWARD COUNTY RECYCLING DISTRICT
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 GOVERNMENTAL FUND TYPE
 As Of And For The Years Ended December 31, 2005 And 2006

	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Governmental Fund: Recycling District (General)	<u>\$ 1,452,790</u>	<u>\$ 515,674</u>	<u>\$ 681,371</u>	<u>\$ 1,287,093</u>
	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Fund: Recycling District (General)	<u>\$ 1,287,093</u>	<u>\$ 1,227,645</u>	<u>\$ 647,988</u>	<u>\$ 1,866,750</u>

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

HOWARD COUNTY RECYCLING DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides waste management administrative services for Howard County.

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. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

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.

HOWARD COUNTY RECYCLING 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.

Note 7. Subsequent Event

In the spring of 2007, the District's Board approved the purchase of a new facility on Cartwright Street in Kokomo. The facility was purchased for approximately \$240,000. At the time the Board also approved a name change for the District. The Howard County Solid Waste Management District became the Howard County Recycling District.

HOWARD COUNTY RECYCLING DISTRICT
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The District utilized a computer based system to generate all vendor payments, reports, and other financial data. The forms generated by this system have not been approved for use in lieu of prescribed forms.

Ledgers of Receipts, Disbursements, and Balances, Form 358, and Ledger of Appropriations, Encumbrances, Disbursements and Balances, Form 359, are the prescribed financial records for the District.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Manual for Special Districts, Chapter 10)

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Robert Whitacre, District Controller/Director August 5, 2004 to August 5, 2005

Ronald J. Metz, CPA, took over as District Controller on September 1, 2005. Mr. Metz has not been bonded as Controller of the District as required by state statute.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

"A controller of a solid waste management district established under IC 13-21 or IC 13-9-05 (before its repeal) shall file an individual surety bond . . ." (Accounting and Uniform Compliance Manual for Special Districts, Chapter 3)

PRESCRIBED FORM – EMPLOYEE'S SERVICE RECORD

Upon leaving employment in February 2005, District Director Robert Whitacre requested that ADP Services issue him a check for accumulated paid time-off of approximately 456 hours. These hours included 480 hours carried over to 2005, the maximum allowed by the leave policy. The gross amount of this payment was \$ 10,303.89. Mr. Whitacre became the District's Director in November 2002. Per his work record he had 736.5 hours of vacation, sick and compensatory leave at that time. Employee service records (or similar records) from November 2002 through his leaving employment in February 2005 were not available. Paid time-off could not be verified due to lack of service records.

Employee's Service Record, Form 99A, should be maintained for all District employees. This form provides a record for each employee of hours or days worked, sick leave, vacation leave and days lost. The record provided the information for preparation of Payroll Schedule and Voucher, Form 99.

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)

HOWARD COUNTY RECYCLING DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2007, with Marla A. Vechey, Director; Paul J. Raver, President of the Board; Ronald J. Metz, Controller; and Mikki K. Jeffers, Program Coordinator. The officials concurred with our findings.