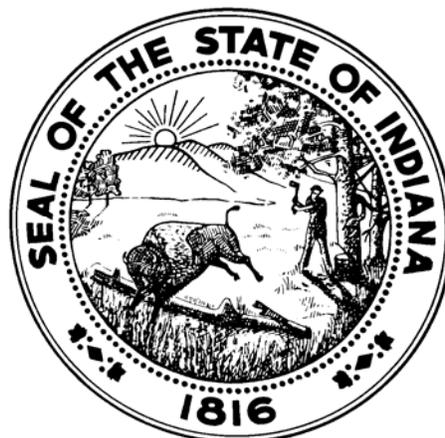


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
COUNTY AVIATION DEPARTMENT
CLAY COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
09/14/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Manager	Jack Thomas	01-01-05 to 12-31-06
Treasurer	Warren Whittington Jordan Brown	01-01-05 to 07-31-06 08-01-06 to 12-31-06
President of the County Council	Warren Stevenson Larry Moss	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	David Parr Charles Brown	01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF CLAY COUNTY

We have examined the records of the County Aviation Department for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Clay County for the year 2005.

STATE BOARD OF ACCOUNTS

August 7, 2006

COUNTY AVIATION DEPARTMENT
CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS

CONFLICT OF INTEREST

Knust Excavating is owned by Mike Knust, President of the Brazil-Clay County Airport Board of Aviation Commissioners. Knust Excavating performed excavating and grading work for the airport in 2005 amounting to approximately \$14,000. A Uniform Conflict of Interest Disclosure Statement was not filed in 2005.

Knust Excavating is continuing to perform maintenance on the project and a Uniform Conflict of Interest Disclosure Statement has been properly filed in 2006.

Indiana Code 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (½) of whose support is provided during a year by the public servant."

DEPOSITS

As stated in the prior Audit Report B25631, in numerous instances, deposits were not made timely. In 2005, thirty-nine percent of all receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(c) states in part: "All local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

COUNTY AVIATION DEPARTMENT
CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

As stated in prior Audit Report B25631, the following prescribed or approved forms were not in use:

General Form 358, Ledger of Receipts, Disbursements, and Balances

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 Counties, Chapter 1)

RECEIPTS NOT DEPOSITED

Receipts could not be verified to bank deposits. Our audit of the Aviation Department revealed that receipts totaling \$241.76 were not deposited. Jack Thomas, Manager, has been asked to pay this amount to the Clay County Aviation Fund. On August 7, 2006, Jack Thomas paid \$241.76 to the Clay County Aviation Fund. (See Summary, page 7)

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

ROTARY FUND EXCESS

At December 31, 2005, the cash balance of the Rotary Fund plus the value of fuel on hand exceeded the total previous appropriation by approximately 33%. Any amount over the appropriation plus 25% should be remitted to the County Treasurer to be included in the Aviation Fund. The dollar amount of this excess cash was \$1,542.

An inventory of fuels and lubricants was not taken on December 31. The Manager should determine the useable gallons of aviation fuel on hand at the end of each year.

Indiana Code 8-22-2-7 states in part: "If at the end of a fiscal year the accumulated rotary fund plus value of inventory of fuels and lubricants on hand exceeds the total previous appropriation to the fund by twenty-five percent (25%), the excess shall be turned over to the aviation fund."

COUNTY AVIATION DEPARTMENT
CLAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2006, with Warren Whittington, former Treasurer; Jack Thomas, Manager; and Michael Knust, President of Aviation Board.

COUNTY AVIATION DEPARTMENT
CLAY COUNTY
SUMMARY

	Charges	Credits	Balance Due
Jack Thomas, Manager:			
Receipts Not Deposited, page 5	\$ 241.76	\$	\$
Paid by Jack Thomas, Manager, Receipt Nos. 276054, 276055, and 437497, August 7, 2006		241.76	-
Totals	\$ 241.76	\$ 241.76	\$ -