

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

AUDIT REPORT

OF

HENRY COUNTY REDEVELOPMENT COMMISSION

HENRY COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED
11/21/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Prescribed Forms	4
Condition of Records	4-5
Budget of Redevelopment Commission Fund	5
Exit Conference	6
Official Response	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Richard Bouslog William R. Aitchison	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of Redevelopment Commission	R. Scott Hayes	01-01-05 to 12-31-06
President of the Board of County Commissioners	Phillip J. Estridge Don L. Shaw Larry D. Hale	01-01-05 to 01-26-05 01-27-05 to 12-31-05 01-01-06 to 12-31-06
President of the County Council	Robert L. Veach	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF HENRY COUNTY

We have audited the records of the Henry County Redevelopment Commission 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 Henry County for the year 2005.

STATE BOARD OF ACCOUNTS

September 13, 2005

HENRY COUNTY REDEVELOPMENT COMMISSION
HENRY COUNTY
AUDIT RESULTS AND COMMENTS

PREScribed FORMS

The following prescribed or approved forms were not always in use:

Form Number	Form Name
17	Accounts Payable Voucher
24A	Ledger of Appropriations and Disbursements
24B	Fund Ledger and Ledger of Receipts
47	Daily Balance of Cash and Depositories
47TR	Monthly Financial Report
61	Monthly Financial Statement
101	Mileage Claim
145	County Auditor's Accounts Payable Journal
146	General Fixed Asset Account Group
315	General Ledger Sheet
350	Register of Investments
352	General Receipt
354	General Check
358	Ledger of Receipts, Disbursements, and Balance
359	Ledger of Appropriations, Encumbrances, etc.
360	Monthly Financial Depository Statement and Reconciliation

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 County Auditors of Indiana, Chapter 14)

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Redevelopment Commission Fund. The records presented by the County Auditor and the Redevelopment Commission did not provide sufficient information to establish the completeness of beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. The New Castle/Henry County Economic Corporation employees were maintaining and posting records based on information supplied by the Trustee in the form of bank statements.

Indiana Code 36-7-14-23 states: "Each officer of the unit who has duties in respect to the funds and accounts of the unit shall perform the same duties with respect to the funds and accounts of the department of redevelopment, except as otherwise provided in this chapter. An officer performing these duties is not entitled to any compensation in addition to that paid him by the unit."

Indiana Code 36-7-14-8 states in part: "(b) The redevelopment commission may appoint a treasurer who need not be a member of the redevelopment commission. The redevelopment commission may provide for the payment of compensation to a treasurer who is not a member of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of this chapter. However, the treasurer may not perform any duties of the fiscal officer or any other officer of the unit that are prescribed by section 24 of this chapter or by any provisions of this chapter that pertain to the issuance and sale of bonds, notes, or warrants of the special taxing district."

HENRY COUNTY REDEVELOPMENT COMMISSION
HENRY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 36-7-14-2.5 state is part:

"(a) The planning, replanning, development, and redevelopment of economic development areas are public and governmental functions that cannot be accomplished through the ordinary operations of private enterprise because of:

- (1) the necessity for requiring the proper use of the land so as to best serve the interests of the county and its citizens; and
- (2) the costs of these projects.

(b) The planning, replanning, development, and redevelopment of economic development areas will:

- (1) benefit the public health, safety, morals, and welfare;
- (2) increase the economic well-being of the unit and the state; and
- (3) serve to protect and increase property values in the unit and the state.

(c) The planning, replanning, development, and redevelopment of economic development areas under this chapter are public uses and purposes for which public money may be spent and private property may be acquired."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

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BUDGET OF REDEVELOPMENT COMMISSION FUND

The County and the Redevelopment Commission did not budget Redevelopment Funds before expending monies from the fund. During 2005, the Redevelopment Commission expended \$289,914 from the Redevelopment Commission Fund without an approved budget.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

HENRY COUNTY REDEVELOPMENT COMMISSION
HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2006, with Bryan Coats, President & CEO of New Castle/Henry County Economic Development Corporation; Jeana L. Davis, Office Manager of New Castle/Henry County Economic Development Corporation; R. Scott Hayes, President of Henry County Redevelopment Commission; and William R. Aitchison, Treasurer of Henry County Redevelopment Commission. The official response has been made a part of this report and may be found on page 7.

Also, the contents of this report were discussed on September 13, 2006, with Linda S. Ratcliff, Auditor; Larry D. Hale, President of the Board of County Commissioners; Robert L. Veach, President of the County Council; and Philip J. Estridge, member of the Board of County Commissioners.



**NEW CASTLE/HENRY COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

August 31, 2006

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2738

RE: OFFICIAL RESPONSE

To Whom It May Concern:

The contents of this report were discussed on August 29, 2006 with Bryan Coats, President & CEO of New Castle/Henry County Economic Development Corporation, Jeana L. Davis, Office Manager of New Castle/Henry County Economic Development Corporation, R. Scott Hayes, President of Henry County Redevelopment Commission, and William R. Aitchison, Treasurer of Henry County Redevelopment Commission. This official response has been made part of this report and may be found on page 3.

In response to the opening comment stating approximately 16 instances a prescribed or approved form were not always in use, the Henry County Redevelopment Commission does use an accounting software system and was not aware it was not approved. Additionally, the accounting software used does produce forms. However, the Henry County Redevelopment Commission was also not aware the forms were not approved.

The Henry County Redevelopment Commission thanks you and appreciates your responses. We have taken your recommendations to heart and will work towards making use of the correct forms and accounting system by 2006 end.

Kind Regards,

Bryan Coats
President & CEO of New Castle/Henry County Economic Corporation,
and Representative of Henry County Redevelopment Commission

BC/jld