

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

EXAMINATION REPORT
OF
COUNTY AUDITOR
CLINTON COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
12/19/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Condition of Records	4
Lists of County Employees Certified to County Treasurer	4
Drainage Funds	5
Exit Conference	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jacqueline R. Clements	08-26-04 to 12-31-06
President of the County Council	Steven Frey	01-01-05 to 12-31-06
President of the Board of County Commissioners	Wayne Williams	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLINTON COUNTY

We have examined the records of the County Auditor 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 Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Clinton County for the year 2005.

STATE BOARD OF ACCOUNTS

November 1, 2006

COUNTY AUDITOR
CLINTON COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

A comparison of the computerized accounting system to the bank accounts indicated cash necessary to balance of \$826,599.60 at December 31, 2005. The Treasurer's daily cash book indicated a fund ledger balance of \$20,720,983.33 which reconciled to the bank accounts. The computerized accounting system indicated a fund ledger balance of \$21,547,582.93. We identified a \$1,000,000 investment purchase which had been erroneously deleted from the system and an \$83,634.71 timing difference on posting interest which left an unidentified difference of \$257,035.11.

The Treasurer has not reconciled to the computerized accounting system since September 30, 2004. Failure to reconcile the computerized accounting system to the bank accounts may have a detrimental effect on management decisions due to the uncertainty of available cash balances; also errors or fraud may not be detected in a timely manner. The Treasurer should take the necessary steps to facilitate the reconciliation of the computerized accounting system to the bank accounts.

As a result of not reconciling the computerized accounting system to the bank accounts, we were unable to express an opinion on the fair presentation of the financial statements.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 Treasurers, Chapter 10)

LISTS OF COUNTY EMPLOYEES CERTIFIED TO COUNTY TREASURER

The County Auditor did not certify lists of county employees to the County Treasurer for the purpose of searching the Treasurer's records to determine if any county employees were delinquent in the payment of property taxes.

On or before June 1 and December 1 of each year, the disbursing officer of each political subdivision shall certify the name and address of each person who has money due the person from the political subdivision to the Treasurer of each county in which the political subdivision is located. Upon the receipt of the information the county treasurer shall search the treasurer's records to ascertain if any person so certified to the treasurer is delinquent in the payment of property taxes, per Indiana Code 6-1.1-22-14.

COUNTY AUDITOR
CLINTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DRAINAGE FUNDS

As noted in the prior two audits, drainage maintenance and general drain improvement records had the following deficiencies relating to recordkeeping:

1. The detailed drainage maintenance accounts did not reconcile to the drainage maintenance subsidiary control by \$10,435.15; however, the control account agreed to the Auditor's fund ledger balance. This has been corrected in 2006.
2. The Drainage Maintenance Fund had 13 subsidiary funds with negative cash balances totaling \$41,889.04.
3. The detailed general drain improvement accounts did not reconcile to the General Drain Improvement subsidiary control or to the Auditor's fund ledger. The detailed General Drain Improvement account balances were in excess of the control by \$15,743.06. The Auditor's fund ledger balance for General Drain Improvement was less than the General Drain Improvement control by \$15,200.86.

The County Auditor did not implement effective controls which would facilitate the accurate accounting of County drainage funds. Without accurate and timely financial information, the County is unable to make informed decisions on the repair, maintenance, construction and/or reconstruction of the county drains. The County Auditor should establish and implement controls which comply with the Accounting and Uniform Compliance Guidelines for Public Drainage Funds.

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 Auditors, Chapter 14)

Every receipt posting and every disbursement posting to the General Improvement Fund and to the Drainage Maintenance Fund in the general ledger must be posted to a proper account in the subsidiary ledger. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Fund, Chapter 9)

Indiana Code 36-9-27-45(2) states in part: "A maintenance fund has been established but is not sufficient to pay for the work: The General Drain Improvement Fund shall be used to pay the cost of the work or to pay for the deficiency . . ."

COUNTY AUDITOR
CLINTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2006, with Wayne Williams, President of the Board of County Commissioners; Steven Frey, President of the County Council; Jan Conner, Vice President of the County Council; and Jacqueline R. Clements, Auditor. The officials concurred with our findings.