

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

AUDIT REPORT

OF

COUNTY AUDITOR

PUTNAM COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

01/14/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Stephanie Campbell	01-01-05 to 12-31-12
President of the County Council	Mitchell Proctor	01-01-08 to 12-31-09
President of the Board of County Commissioners	Gene Beck	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PUTNAM COUNTY

We have audited the records of the County Auditor for the period from January 1, 2008 to December 31, 2008, 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 Putnam County for the year 2008.

STATE BOARD OF ACCOUNTS

October 27, 2009

COUNTY AUDITOR
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for Putnam County was not completed and filed until midyear.

For the audit period IC 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

FUND SOURCES AND USES

Funds were disbursed from the Hazardous Waste Fund to Operation Life in the amount of \$80,000 to pay the annual contract for County ambulance services. Officials were advised to repay disbursed funds to the Hazardous Waste Fund.

IC 6-6-6.6-3(b) identifies the following purposes of hazardous waste revenue which states:

"Except as provided in subsection (e), and subject to subsection (f), the revenue paid over to the county under subsection (a) shall be deposited in a separate fund established by the county for the purposes of the following:

- (1) Establishing monitoring wells on land near the site of the disposal facility.
- (2) Analyzing samples from the monitoring wells established under subdivision (1).
- (3) Conducting other types of testing and surveillance for hazardous waste contamination of land near the disposal facility.
- (4) Providing training for County and local Public Health and Public Safety Officers in the proper procedures for dealing with emergencies involving hazardous substances or hazardous waste.
- (5) Providing special clothing and equipment needed by County and local Public Health and Public Safety Officers for dealing with emergencies involving hazardous substances or hazardous waste.
- (6) Funding research on alternatives to land disposal as a means of eliminating hazardous waste.
- (7) Paying the cost of hazardous waste, hazardous substance, or solid waste removal and remedial action at a site located within the County.
- (8) Meeting the county's requirements under Indiana Code 13-21 for the planning and implementation of a solid waste management district plan.
- (9) Paying the costs associated with the construction or rehabilitation of a facility used for training described in subdivision (4).
- (10) Paying the costs associated with any other project that has identifiable environmental benefits.

COUNTY AUDITOR
 PUTNAM COUNTY
 AUDIT RESULTS AND COMMENTS
 (Continued)

- (11) Paying the costs associated with the construction, structural rehabilitation, and equipment of a facility used for either of the following purposes:
- (A) A county public safety central dispatch.
 - (B) A county emergency operations center."

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

OVERDRAWN FUND BALANCES

At December 31, 2008, the following funds had overdrawn fund balances:

Fund	Amount
Local Emergency Planning	\$ 373
Phoenix Community Corrections	7,280
Community Transition Program	223
Victims Assistance	13,026
Bioterrorism Coordinator Grant	45
Emergency Response Services (911)	41,235
STOP Grant	11,842
District 7 Fire Training	13,426
Hazmat Technical Rescue	1,807
District 7 NFA/ISO	400
Indiana Department of Homeland Security	3,500
Tax Sale Redemption	10,126
Payroll Withholdings	124,551

Some cash and investment deficits arose primarily from reimbursement type grants for which reimbursements have not yet been received.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

TAX SALE REDEMPTION FUND RECONCILIATION

As reported in the prior Report B32721, the Tax Sale Redemption Fund has a negative balance of \$10,126. Posting errors were not discovered in a timely manner because reconciliations were not made between the subsidiary ledgers and the control account. An overpayment of \$1,699, made in 2003, was identified in the prior audit and the vendor has been contacted to obtain reimbursement. The County Attorney is attempting to recover the \$1,699 overpayment. The remaining difference is unidentified.

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AUDIT RESULTS AND COMMENTS
(Continued)

At all times, the manual and 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)

CAPITAL ASSETS

Capital asset records were being maintained by the County; however, they have not been updated since 2005.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

ORDINANCES AND RESOLUTIONS

The County has an ordinance requiring appropriation of the Asset Forfeiture Fund. However, asset forfeiture funds were disbursed without appropriation.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

FEES

County wireless emergency telephone system funds were receipted to the same fund as landline fees.

IC 36-8-16.5-43 states:

"The distribution of wireless emergency enhanced 911 funds by the board for cost recovery by PSAPs under section 39 of this chapter must be deposited by the county treasurer in a separate fund set aside for the purposes allowed by section 41 of this chapter. The fund must be known as the _____ (insert name of county) wireless emergency telephone system fund. The county treasurer may invest money in the fund in the same manner that other money of the county may be invested, but income earned from the investment must be deposited in the fund set aside under this section."

COUNTY AUDITOR
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AUDIT RESULTS AND COMMENTS
(Continued)

OVERPAYMENT COLLECTIONS

As previously reported in Report B30782, during the period of January 2005 to June 2007, AFLAC payroll withholdings were less than the amount billed and remitted by the County for several employees. Some amounts were incorrect because they were based on 27 pay periods instead of 26. Some employees increased coverage and cost but their withholdings were not adjusted in the computer to reflect the change. These errors resulted in insufficient collections to cover amounts billed by the insurance company. The County recalculated proper withholdings for the period of January 2005 to June 2007, notified employees of the insufficient withholdings, and obtained agreements allowing for additional withholdings until the overpayments were recovered. All employees have reimbursed the overpayments except one. A certified letter was mailed to the employee informing of the \$2,194 overpayment, but there has been no response. Officials were instructed to further pursue reimbursement.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

At all times, the manual and 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)

ACCOUNTING RECORDS

Several posting errors were made in the County's accounting records:

- (1) Duplicate disbursement postings to State and CAGIT withholding accounts occurring monthly from January to July and totaling \$95,217 and \$41,281, respectively, remained uncorrected at year-end.
- (2) 2008 investment transactions and December 31, 2008, investment balances did not agree to ledger postings. The ledger reflected certificate of deposit balances of \$2,569,600 at December 31, 2008, but all had been redeemed.
- (3) Posting errors identified in the prior audit remained uncorrected at December 31, 2008.
- (4) Fund balances for the Treasurer and Auditor's offices differed for several accounts, which totaled \$961,851 at December 31, 2008.

At all times, the manual and 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)

COUNTY AUDITOR
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2009, with Stephanie Campbell, Auditor.