

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

EXAMINATION REPORT
OF
COUNTY AUDITOR
WELLS COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
01/15/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Laura A. Brubaker	01-01-07 to 12-31-10
President of the Board of County Commissioners	Paul I. Bonham	01-01-08 to 12-31-09
President of the County Council	Peter W. Cole	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WELLS COUNTY

We have examined 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 Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Wells County for the year 2008.

STATE BOARD OF ACCOUNTS

December 9, 2009

COUNTY AUDITOR
WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The 2008 County Annual Report (CAR) for Wells County was not completed or filed with the State Examiner. A similar comment appeared in prior Report B32497.

For the examination period 2008, IC 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner no later than thirty (30) days after the close of each fiscal year."

OVERDRAWN CASH BALANCES

The cash balance of the Geographic Information System Fund was overdrawn by \$23,345 at December 31, 2008. A similar comment appeared in prior Report B32497.

The cash 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, Chapter 14)

CONDITION OF RECORDS

The following deficiencies relating to the record keeping of the General Drain Improvement and Drainage Maintenance Funds were present during the period of examination. A similar comment appeared in prior Report B32497.

1. The prescribed forms for the General Drain Improvement Fund Ledger Form (63C) and Drainage Maintenance Fund Ledger (Form 63CM) were not properly completed.

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 Public Drainage Funds, Chapter 9)

2. Assessments were not posted properly to the General Drain Improvement Fund Ledger Form (63C) and Drainage Maintenance Fund Ledger (Form 63CM).

For the General Drain Improvement Fund "assessments unpaid as shown in Col. 6 of each Subsidiary Ledger sheet (Form 63C) must be equal to unpaid assessments for construction or reconstruction (Principal only) appearing on the Ditch Duplicate for the particular ditch." (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 6)

For the Drainage Maintenance Fund "assessments unpaid as shown in Col. 6 of each Subsidiary Ledger sheet (Form 63CM) must be equal to unpaid assessments (Principal only) appearing on the Ditch Duplicate for the particular ditch." (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 6)

3. The receipt and disbursement activity of the subsidiary ledgers did not agree with the Auditor's General Ledger for the year ending December 31, 2008.

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(Continued)

At the end of any accounting period: (1) the sum of receipt postings to the Subsidiary Ledger sheets (Form 63C), Col. 10, must equal the total receipt postings to the Control sheet (Form 63C) and to the General Ledger for the same period, (2) the sum of disbursement postings to the Subsidiary Ledger sheets (Form 63C), Col. 11, must equal the total disbursement postings to the Control sheet (Form 63C), Col. 11, and to the General Ledger for the same period, and (3) the total of balances and overdrafts in Col. 12, Subsidiary Ledger (Form 63C) must equal the balance in the Control Sheet (Form 63C) and in the General Ledger. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 6)

At the end of any accounting period: (1) the sum of receipt postings to the Subsidiary Ledger sheets (Form 63CM), Col. 7, must equal the total receipt postings to the Control sheet (Form 63CM) and to the General Ledger for the same period, (2) the sum of disbursement postings to the Subsidiary Ledger sheets (Form 63CM), Col. 8, must equal the total of disbursement postings to the Control sheet (Form 63CM), and to the total of disbursement postings to the General Ledger for the same period, and (3) the total of balances and overdrafts in Col. 9, Subsidiary Ledger (Form 63CM) must equal the balance in Drainage Maintenance - General Ledger. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 6)

APPROPRIATIONS

Property Reassessment 2006 Fund expenditures exceeded budgeted appropriations by \$4,949.

IC 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."

SURPLUS TAX FUND

Financial records presented for examination of the Surplus Tax Fund did not provide sufficient information to examine receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. The Surplus Tax Fund ledger did not have an accurate detail of each item of surplus tax collected. A similar comment appeared in prior Report B32497.

Excess (surplus) tax shall be reported by the treasurer on the County Treasurer's Certificate of Tax Collections, County Form 49TC. The county treasurer is also required to file Ledger Form 65-STF, Surplus Tax Fund Ledger, listing in detail by taxing district each item of surplus tax collected, the total of which shall be receipted into the "Surplus Tax Fund." The detail ledger sheets shall be placed in the county auditor's ledger and be disbursed in the manner discussed on page 7-9. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 9)

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(Continued)

TAX SALE SURPLUS AND TAX SALE REDEMPTION FUNDS

An examination of the Tax Sale Surplus Fund and the Tax Sale Redemption Fund disclosed improper disbursements. Two disbursements from the Tax Sale Surplus Fund to tax sale purchasers for the redemption of property sold at the tax sale included not only the surplus, but also the redemption amount. The redemption amount paid to the purchaser should have been paid from the Tax Sale Redemption Fund where the funds were deposited when the property was redeemed by the owner.

Disbursements from the Tax Sale Redemption Fund were for tax sale administrative and postage costs. The expenses of the tax sale should have been paid from the General Fund.

When real property is redeemed, a quietus shall be issued by the county auditor in favor of the person paying the money to the treasurer and the amount receipted into the "tax sale redemption" fund shall be held in trust for the purchaser. The county auditor shall issue a warrant to the purchaser or purchaser's assignee upon the surrendering of the certificate of sale, in an amount equal to the amount received by the treasurer for redemption. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 9)

CONGRESSIONAL SCHOOL INTEREST

The semiannual distribution of the interest earned on the congressional school principal was not distributed to the Wells County school corporations in 2008.

Semiannually, on the second Monday of July and the last Monday in January, the auditor of each county shall make distribution of the interest on the congressional fund to the treasurer of each school corporation. The interest is computed at the rate of 4% per annum on the amount held in trust for each congressional township and apportioned and distributed on the basis of the enumeration of children, pursuant to Indiana Code 21-1-1-54. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 11)

TRANSACTION RECORDING

In November 2007, the State of Indiana made an electronic funds deposit of \$961,868 for the homestead credit rebate. The deposit was properly quietused to the Homestead Credit Rebate Fund, however, the refund checks that were all written in 2008 were not posted to the Auditor's Funds Ledger. The financial information presented in the examination report of Wells County for the year 2008 properly reflects the disbursement of these funds.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 16)

CITY AND TOWN COURT COST FUND

There were no distributions from the City and Town Court Cost Fund to qualified municipalities as required by Indiana Code.

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EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 33-37-7-6(a) states in part:

"The qualified municipality share to be distributed to each city and town maintaining a law enforcement agency that prosecutes at least fifty percent (50%) of the city's or town's ordinance violations in a circuit, superior, or county court located in the county is three percent (3%) of the amount of fees collected. . . ."

CONTRACTS

The Wells County Commissioners enter into a cash rent contract each year for the farm ground at the County Home property. The contract states the acreage to be farmed, the amount per acre that the tenant will pay and the date that the rent shall be paid. The payment on the 2006 crop year was due in December 2006 and the payment for the 2007 crop year was due in December 2007. The cash rent that was due for crop years 2006, (\$26,785) and 2007, (\$26,807) was not paid until October 8, 2009. These two payments were paid 34 months late and 22 months late, respectively. The payment for the 2008 crop year of \$34,118 was due on or before December 12, 2008. This was not paid until January 9, 2009, and it was underpaid by \$98. This underpayment was corrected on October 8, 2009 when the tenant paid the 2006 and 2007 rent.

The Wells County Commissioners have a contract with the Wells County Solid Waste Management District (District) for payroll, pension, and health and life insurance benefits. The County pays the employees of the Solid Waste District and provides retirement and health and life insurance benefits for the full time employees. These expenses are then to be reimbursed to the County by the District. The County has provided the following in compensation and benefits to the District: Year 2005, \$60,323; Year 2006, \$62,652; Year 2007, \$72,844; Year 2008, \$74,549; and from January to October 2009, \$78,640. The only reimbursements made to the County by the District were \$45,872 in July 2006, and \$21,293 in October 2006. As of October 31, 2009, the District owes the County \$281,843. The County Auditor is also the Controller for the District.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

TIMELY RECORDKEEPING

During the examination, the following items pertaining to timely recordkeeping were noted:

1. During the testing of the County Sheriff's receipts, it was noted that the September 2008 Report of Collections was filed in the Auditor's office with the checks from the Sheriff's office attached. The checks did not have the Sheriff's signature on them and were, therefore, not valid. The bookkeeper from the Sheriff's office was not informed that the

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(Continued)

checks were not signed and assumed the checks were lost after they had not been cashed. The checks were reissued in March 2009 and the receipt was posted to the funds ledger on March 16, 2009.

2. An electronic funds deposit on December 11, 2008, was not quietused to the funds ledger until October 22, 2009.
3. The Levy Excess Fund has a balance of \$92,013 at December 31, 2008. This balance consists of funds transferred in 2006.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

Each year the State Board of Tax Commissioners will certify to each unit of local government figures which show one hundred two percent (102%) of the tax levy for each fund, and, if the property taxes received exceed one hundred two percent (102%) of the levy, the excess shall be receipted to the "Levy Excess Fund."

The statute provides that the State Board of Tax Commissioners may require a taxing unit to include the amount in its Levy Excess Fund in the taxing unit's budget. After the budget has been approved, the amount in the Levy Excess Fund should be transferred from the Levy Excess Fund by warrant (check) and quietus (receipt) to the fund or funds in which the reductions were made to reduce the amount to be raised by taxation. (County Bulletin and Uniform Compliance Guidelines, Volume No. 336, Page 8 April 2002)

COUNTY AUDITOR
WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2009, with Laura A. Brubaker, Auditor; Paul I. Bonham, President of the Board of County Commissioners; and Peter W. Cole, President of the County Council.