

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

AUDIT REPORT
OF
COUNTY COUNCIL
CLARK COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED

01/07/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Financial Condition – General Fund	4-6
Expenditures in Excess of Approved Appropriations	7
Expenditures Paid from the Alcohol and Drug Fund	7-8
Exit Conference.....	9
Official Response	10-11

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	David Abbott Jack Coffman	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of County Commissioners	M. Edward Meyer	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

TO: THE OFFICIALS OF CLARK COUNTY

We have audited the records of the County Council for the period from January 1, 2009 to December 31, 2009, 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 Clark County for the year 2009.

STATE BOARD OF ACCOUNTS

August 23, 2010

COUNTY COUNCIL
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL CONDITION – GENERAL FUND

The following is information regarding the financial condition of the County's General Fund as of December 31, 2009:

Council Approved Budget in Excess of State Budget Order

On September 19, 2008, the County Council approved the 2009 General Fund budget in the amount of \$22,082,101. The County operated under the County Council approved budget until final budget order was received from the Indiana Department of Local Government Finance (DLGF) on August 19, 2009, in the amount of \$14,715,025. Final budget approval by the DLGF was delayed due to delays by the County in certifying assessed valuations to DLGF.

On August 19, 2009, the County Council met and approved reductions to the original budget approved by the County Council. The total budget approved by the County Council was \$6,457,076 in excess of the DLGF budget order. The following schedule is a comparison of the final budgeted appropriations approved by the County Council and the budget order approved by the DLGF on August 19, 2009:

	<u>Appropriations</u>
County Council's original budget approval for 2009	\$ 22,082,101
Budget Reductions approved on 08/19/09	910,000
County Council final budget for 2009	21,172,101
DLGF budget order	14,715,025
Variance	\$ 6,457,076

The County Auditor used the final budget approved by the County Council in the amount of \$21,172,101 to monitor General Fund disbursements. As a result, County disbursements exceeded the DLGF budget order by \$2,642,666 as shown in the following schedule:

Disbursements:	
Disbursements per ledger for 2009	\$ 24,617,882
Adjustments:	
Less unappropriated State called meetings (a)	25,748
Less tax refunds (b)	4,568,238
Less voided checks (c)	1,629,312
Total adjusted disbursements	18,394,584

COUNTY COUNCIL
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Appropriations:	
State budget order for 2009	14,715,024
Encumbrances carried forward from 2008	1,036,894
Total budget and encumbrances	15,751,918
Total disbursements in excess of appropriations	\$ 2,642,666

Notes to Schedule:

- (a) As provided by statute, State called meeting are paid without appropriation and would not be included in the total disbursements used for comparison with budgeted expenditures.
- (b) Tax refunds are not included in the final adjusted disbursement amount since these disbursements are reimbursed to the general fund at the time of the December tax settlement.
- (c) These are checks issued in error and subsequently receipted back to the record balance of cash.

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."

IC 6-1.1-18-10(a) states:

"If the proper officers of a political subdivision make an appropriation for an item which exceeds the amount which they are permitted to appropriate under this chapter, they are guilty of malfeasance in office and are liable to the political subdivision in an amount equal to the sum of one hundred and twenty-five percent (125%) of the excess so appropriated and court cost."

No Appeal for Increase in Tax Rate

The original General Fund budgeted appropriations approved by the County Council for the year 2009 was in the amount \$22,082,101. This represented a 37% increase in appropriations approved for Clark County in the 2008 budget order approved by the Indiana Department of Local Government Finance (DLGF). The following schedule is a comparison between the 2009 budget approved by the County Council and 2008 budget order approved by DLGF:

COUNTY COUNCIL
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

	<u>Appropriations</u>
Final budget approved by County Council for 2009	\$ 21,172,101
DLGF 2008 budget order	15,444,478
Increased budgeted appropriations	\$ 5,727,623

An \$11,000,000 tax levy for the General Fund would have been required in order to adequately fund the 2009 General Fund budget approved by the County Council. The \$11,000,000 tax levy required to fund the 2009 budget was 91% more than the maximum property tax levy determined by the Indiana Department of Finance in the amount of \$5,771,670.

No information was presented for audit to show that County officials had taken any action to appeal for an increase in the County's tax rate or tax levy.

IC 6-1.1-17-15 states in part:

"A political subdivision may appeal to the department of local government finance for an increase in its tax rate or tax levy as modified by the county board of tax adjustment or the county auditor. To initiate the appeal, the political subdivision must file a statement with the department of local government finance not later than ten (10) days after publication of the notice required by section 12 of this chapter. The legislative body of the political subdivision must authorize the filing of the statement by adopting a resolution. The resolution must be attached to the statement of objections, and the statement must be signed by the following officers:

- (1) In the case of counties, by the board of county commissioners and by the president of the county council . . ."

Deficit Cash Balance

As of December 31, 2009, the County's General fund had a deficit cash balance of \$3,088,053. The primary cause of the deficit cash balance was the disbursement of funds in excess of the Indiana Department of Local Government Finance's budget order as described in the section titled "Council Approved Budget in Excess of State Budget Order.

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 Counties of Indiana, Chapter 1)

COUNTY COUNCIL
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

EXPENDITURES IN EXCESS OF APPROVED APPROPRIATIONS

The records presented for audit showed expenditures were made from the following funds created by statute that were in excess of the budgeted appropriations:

Year	Excess Amount Expended	Fund
2009	\$ 2,642,665	General
2009	227,162	Cumulative Capital Development

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."

In addition, the following local funds established through Home Rule Statute had expenditures made which were not appropriated:

Year	Amount Expended Without Appropriation	Fund
2009	\$ 567,486	Clark County Adult & Juvenile Facility Usage
2009	257,453	Landfill Improvements
2009	379,194	Landowner's Liability and Contingency
2009	78,771	Sheriff's Public Relations Non-Reverting
2009	118,529	Drainage Board Non-Reverting Fees

IC 36-2-5-2(b) states:

"The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

IC 36-1-2-6 defines fiscal body as the county council.

EXPENDITURES PAID FROM THE ALCOHOL AND DRUG FUND

The Superior Court III established an Alcohol and Drug Program to provide intervention services for individuals under the court's jurisdiction.

COUNTY COUNCIL
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

A review of the appropriation requests submitted during the year 2009 showed specific donation requests made by Superior Court III were approved by the County Council totaling \$137,170 in the form of monetary contributions given to various governmental entities and outside organizations as shown in the following schedule:

Payee	Amount
Clark County Sheriff	\$ 100,000
Sellersburg Police Department	25,000
Boy Scouts of America	5,000
Empower Ventures LLC	2,500
Clark County Red Cross	125
PHI BETA PSI Sorority	45
Nine (9) Various Clark Co. High Schools	4,500
	\$ 137,170

IC 12-23-14-6(a) states:

"A program may provide for eligible individuals a range of necessary intervention services, including the following:

- (1) Screening for eligibility and other appropriate services.
- (2) Clinical assessment.
- (3) Education.
- (4) Referral.
- (5) Service coordination and case management."

IC 12-23-14-12 states:

"Program employees or contractors shall perform duties the court assigns, including the following:

- (1) Providing places for the program and the program's services.
- (2) Providing intervention, treatment, and rehabilitation services for eligible individuals.
- (3) Compiling information and statistics on the program's activities.
- (4) Reporting periodically to the court on program activities."

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY COUNCIL
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2010, with Jack Coffman, President of the County Council, and Barbara Hollis, Vice-President of the County Council. The official response has been made a part of this report and may be found on page 10.

The portion of this reported related to "Expenditures Paid from the Alcohol and Drug Fund" was discussed with the Honorable Judge Joseph P. Weber, Clark County Superior Court 3, on August 17, 2010. The official response has been made a part of this report and may be found on page 11.

The contents of this report were also discussed on September 30, 2010, with M. Edward Meyer, President of the Board of County Commissioners.

State Board of Accounts September 30,2010

The Clark County Council and the Auditors Office are working together to resolve the issues brought to our attention at our exit conference in August of 2010.

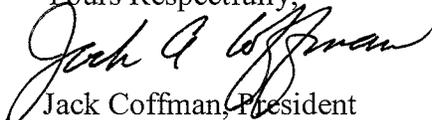
The Clark County Council agrees with the issues and has addressed many of those issues in 2010.

The issue of funds being expended without appropriations will be corrected. The Home Rule statute still requires appropriations before expenditures are made.

The use of Alcohol and Drug Program fees shall be monitored to assure that distribution of such funds follow the statute guidelines.

The Clark County Council has also taken steps to insure that annual budgets submitted to the DLGF by the Auditor will be accurate and reflect the correct amount approved by the council.

Yours Respectfully,



Jack Coffman, President
Clark County Council



JOSEPH P. WEBER
JUDGE

The expenditures of the Clark County Alcohol and Drug Services have been reviewed by the State CADPAC Administrators. It has been and remains our intent to operate with the framework of the program.

The four Traffic Bureau Clerks paid by CCADS funds are engaged in the administration of the funding portion of the program specifically, they process the traffic tickets which provide the funding for the program. The Traffic Clerical Division is also engaged in the physical collection of those funds.

The CCADS functions as a division of Superior Court 3 Probation, therefore the probation fees salary paid through CCADS is used in the administration of CCADS.

It remains my understanding that the CCADS Funds are to be used to promote the intervention efforts in the local area required to curtail drug and alcohol abuse. To that end, our program found it appropriate to sponsor and assist local treatment and civic facilities i.e.; Bliss House, Jerry's Place, Healing Place, Serenity House, Jeffersonville Ward, Jeffersonville Token Club, and The Child Place Center. These facilities continue to provide services to intervene in the lives of persons with alcohol and drug addictions.

To the same end, the CCADS Program has provided funding to local criminal justice as they attempt to control the drug and alcohol related crimes in Clark County.

Local High School! "After Prom Parties" have been an effective tool to intervene, providing more traditional activities and less drug and alcohol related activities.

With fewer and fewer State Facilities available to treat and prevent alcohol and drug abuse, I have been very pleased to have CCADS Funds under the structure of the CADPAC Program in order to address a serious community problem.

I have, of course received appropriate authorization from the Clark County Council for these expenditures as required.

Respectfully

Joseph P. Weber