

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

AUDIT REPORT

OF

COUNTY AUDITOR

WELLS COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED

08/22/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Laura A. Brubaker Beth J. Davis	01-01-07 to 12-31-10 01-01-11 to 12-31-14
President of the County Council	Peter W. Cole	01-01-10 to 12-31-11
President of the Board of County Commissioners	Kevin S. Woodward	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WELLS COUNTY

We have audited the records of the County Auditor for the period from January 1, 2010 to December 31, 2010, 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 Result(s) and Comment(s). The financial transactions of this office are reflected in the Annual Report of Wells County for the year 2010.

STATE BOARD OF ACCOUNTS

July 20, 2011

COUNTY AUDITOR
WELLS COUNTY
AUDIT RESULT(S) AND COMMENT(S)

APPROPRIATIONS

The Reassessment 2006 Fund expenditures for 2010 exceeded budgeted appropriations by \$154,829.

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."

BUDGETED LINE ITEMS

Disbursements for debt payments, purchase of equipment and transfers were paid from the General Fund – Unappropriated line item.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COMMISSIONER'S MINUTES

The minutes of the County Commissioners meetings of April 5, 2010, October 4, 2010, and November 15, 2010, were not available for audit.

Indiana Code 5-14-1.5-4(b) states in part:

As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

SURPLUS TAX

Financial records presented for audit of the Surplus Tax Fund did not provide sufficient information to audit 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 B37315.

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

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(Continued)

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 of Indiana, Chapter 9)

CONDITION OF RECORDS

The following deficiencies relating to the record keeping of the General Drain Improvement and Drainage Maintenance Funds were present during the audit period. A similar comment appeared in prior Report B37315.

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, 2010.

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

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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)

TAX SALE SURPLUS AND TAX SALE REDEMPTION FUNDS

As noted in prior Report B37315, an examination of the Tax Sale Surplus Fund and the Tax Sale Redemption Fund in 2008 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. A similar situation occurred in 2010.

There was a disbursement from the Tax Sale Redemption Fund for tax sale administrative costs. The expenses of the tax sale should have been paid from the General Fund.

These errors have not been corrected as of July 20, 2011.

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 received 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 of Indiana, Chapter 9)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at December 31, 2010: Public Transit Federal Grant \$22,587; PHD \$3,423; Immunization Grant \$6,569; Tax Sale Redemption \$56,064; and Inheritance Tax \$50,275. A similar comment appeared in prior Report B37315.

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 of Indiana, Chapter 14)

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EXIT CONFERENCE

The contents of this report were discussed on July 20, 2011, with Beth J. Davis, Auditor; Paul I. Bonham, County Commissioner; and Peter W. Cole, President of the County Council.