

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

AUDIT REPORT

OF

COUNTY TREASURER

CLINTON COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED

10/20/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura Huffer (Vacant) Ron Niemesh	01-01-09 to 09-03-10 09-04-10 to 09-26-10 09-27-10 to 12-31-12
President of the County Council	Steve Woods	01-01-10 to 12-31-11
President of the Board of County Commissioners	William Beard Mike Beard	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLINTON COUNTY

We have audited the records of the County Treasurer 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Clinton County for the year 2010.

STATE BOARD OF ACCOUNTS

July 21, 2011

COUNTY TREASURER
CLINTON COUNTY
AUDIT RESULTS AND COMMENTS

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconcilements as of December 31, 2010, revealed (checks, warrants) outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board: (1) of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping, which were cited in the prior audit report, were again present during our period of audit:

1. There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.

COUNTY TREASURER
CLINTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 County Treasurers of Indiana, Chapter 4)

2. The total amount of funds ledger cash as shown on the cash book at December 31, 2010, totaled \$142,091.40 less than the funds ledger shown on the records of the County Auditor. The Treasurer has not balanced the cash book funds ledger cash to funds ledger cash as shown on the records of the County Auditor since September 30, 2004. A similar comment was shown in prior reports.

Each month, the Auditor and Treasurer shall prepare a monthly financial statement and reconcile cash and investment balances as shown on the statements. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1) (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 3)

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

Depository reconciliations of the Treasurer's Daily Balance of Cash and Depositories (ledger) balance to the bank account balances were incorrect. The bank reconciliation presented for audit indicated that ledger balances were more than reconciled bank balances by \$46,316.43. The cash necessary to balance was the same at August 31, 2010, (immediately prior to Ms. Huffer's leave of office) and at December 31, 2010.

Indiana Code 5-13-6-1(e) states:

"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 of Indiana, Chapter 10)

We requested Laura Huffer, former Treasurer; reimburse the County Treasurer \$46,316.43 for the cash necessary to balance. (See Summary, page 8)

UNCOLLECTIBLE ITEMS

The Treasurer had five bad checks totaling \$11,086.84 on hand as of December 31, 2010.

An extended effort shall be made by the treasurer to recover funds from checks returned by the depositories as uncollectible. During the process of collecting, the return checks shall be carried as a cash item and the duplicate so noted. When it is determined that the returned item is uncollectible, the

COUNTY TREASURER
CLINTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

treasurer shall attach all related documents to a regular claim to be presented to the board of county commissioners, with an explanation. Upon the commissioners approval of payment from the general fund, without appropriation, the county warrant is placed in the cash drawer to replace the uncollectible item and deposited as other checks. The amount of tax shall be recharged on the proper duplicate. The amount reimbursed to the treasurer shall be deducted from the amount for apportionment in the appropriate taxing district in the next December Settlement and returned to the county general fund. This amount should be shown on line 39 of the apportionment and settlement sheets as "reimbursements to county treasurer for bad checks." (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

Indiana Code 6-1.1-22-12.1 states:

"If:

- (1) a property owner or a person acting on behalf of a property owner tenders a draft to the county treasurer for the payment of the taxes or special assessments levied against any property; and
- (2) the draft is dishonored upon presentation for payment;

any costs incurred by the county treasurer because of the dishonoring of the draft are a liability of the taxpayer, which may be entered on the tax duplicate for the property. If entered on the tax duplicate, the amount of the liability is subject to interest, penalty, and collection in the same manner as all other special assessments."

Indiana Code 36-1-8-13 states

"A unit that is unable to obtain payment of a dishonored check shall, not later than ninety (90) days after the check is initially received by the unit, refer the matter to the prosecuting attorney for the county where the dishonored check was received for prosecution."

OFFICIAL BOND COVERAGE

The following official bond was filed in the office of the County Recorder for the period September 1, 2009 to September 1, 2010:

Laura Huffer, County Treasurer

The bond was issued by the Cincinnati Insurance Company in the amount of \$ 300,000 and was payable to the State of Indiana.

ADDITIONAL AUDIT COSTS - CONDITION OF RECORDS

Additional audit time was required to audit financial statements and other information necessary for the regulatory report. The total additional audit costs amounted to \$2,578.13.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
CLINTON COUNTY
EXIT CONFERENCE

An exit conference was scheduled on August 2, 2011, with Laura Huffer, former Treasurer. The former Treasurer, Laura Huffer did not attend.

The contents of this report were discussed on August 9, 2011, with Ron Niemesh, Treasurer.

The contents of this report were discussed on August 9, 2011, with Mike Beard, President of the Board of County Commissioners; Steve Woods, President of the County Council; Cathy Hamilton, County Auditor; and Alan Dunn, Vice President of the County Council.

COUNTY TREASURER
CLINTON COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Laura Huffer, former Treasurer: Cash Necessary to Balance, Bank Reconciliations, page 5	<u>\$ 46,316.43</u>	<u>\$ -</u>	<u>\$ 46,316.43</u>

AFFIDAVIT

STATE OF INDIANA)
)
_____ COUNTY)

We, April Boone and John Homrig, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the County Treasurer, Clinton County, Indiana, for the period from January 1, 2010 to December 31, 2010, is true and correct to the best of our knowledge and belief.

April Boone
John Homrig
Field Examiners

Subscribed and sworn to before me this 6 day of October, 2011.

Kimberly R. Rausch
Notary Public

My Commission Expires: 1-31-2018
County of Residence: Hamilton

