

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

AUDIT REPORT  
OF  
COUNTY COUNCIL  
CLARK COUNTY, INDIANA  
January 1, 2010 to December 31, 2010



**FILED**  
03/23/2012



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Excess Appropriations.....	4
Failure to Appropriate County Jail Funds .....	5-6
General Fund Year 2011 Financial Condition .....	6-7
Exit Conference.....	8

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Jack Coffman	01-01-10 to 12-31-10
	Kevin Vissing	01-01-11 to 12-31-11
	Barbara Hollis	01-01-12 to 12-31-12
President of the Board of County Commissioners	M. Edward Meyer	01-01-10 to 12-31-11
	Les Young	01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLARK COUNTY

We have audited the records of the County Council 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 Clark County for the year 2010.

STATE BOARD OF ACCOUNTS

December 13, 2011

COUNTY COUNCIL  
CLARK COUNTY  
AUDIT RESULT AND COMMENT

**EXCESS APPROPRIATIONS**

A budget was prepared by the Board of County Commissioners and presented for approval to the County Council for the County Highway Fund and the Local Road and Street Fund. The County Council approved the budget as presented and the amounts were entered in the appropriation ledger by the County Auditor. The Department of Local Governmental Finance (DLGF) reviewed the budget and ordered a reduction to the amounts approved by the County however the County failed to reduce the budget of the funds to the amounts approved by DLGF. As a result expenditures were made in excess of budgeted appropriations as follows:

Fund	Excess Amount Expended
County Highway	\$ 388,526
Local Road and Street	357,047

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."

Indiana Code 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."

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

Fund	Excess Amount Expended
Landowner's Liability Fund	\$ 136,123
Closure-Post Closure	102,599
Landfill Improvements	719,129
Sheriff's Public Relations Non-Reverting	75,379

Indiana Code 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."

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

COUNTY COUNCIL  
CLARK COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

***FAILURE TO APPROPRIATE COUNTY JAIL FUNDS***

The Board of County Commissioners (Board), by statute, is responsible for the construction, management and oversight of the County's jail facilities. Costs for the operation of this facility are paid from the County's General Fund which includes, but is not limited to, the cost of staffing, utilities and housing of prisoners. Services are also provided through the jail facilities to outside Federal, state and local entities for the housing of prisoners and housing related expenses. The County bills these Federal, state and local entities for these services, and historically, had receipted these monies into the fund from which the costs were paid, the General Fund.

On January 25, 2007, the Board adopted Ordinance 3-2007 creating the Clark County Adult and Juvenile Facilities Usage Fund. The fund, as established, had no financial activity until the year 2008. Based on the Ordinance, funding will be all monies received from external government agencies (Federal, state, local or other) for rental of space (housing of prisoners) in the adult jail or juvenile detention center and other reimbursements received by the County Sheriff. The ordinance further states that the fund may be expended, only upon approval by the Board in writing, without the necessity of further appropriation for County facility repairs, maintenance, oversight, equipment and any other public expenditure deemed necessary to the public interest by the Board.

Reimbursements received during the year 2010 and receipted into the Clark County Adult and Juvenile Facilities Usage Fund from Federal, state, and local entities for the housing of prisoners and prisoner related costs, and a transfer from other county funds totaled \$1,547,584. Disbursements made without appropriation from this Fund were as follows:

Sheriff's Dept./Jail Facility Operational Costs and Equipment     \$ 2,096,925

Indiana Code 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."

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

Indiana Code 36-1-3-6(a) (Home Rule Statute) states: "If there is a constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must do so in that manner."

The County Bulletin and Uniform Compliance Guidelines, October 2001 states the following:

"A unit may exercise its Home Rule powers whenever it is "necessary or desirable" to exercise any power, perform any function, provide any service - - and create the structural elements or procedures to do so - - and;

- (1) the laws and constitutions of the state and federal governments do not expressly or implicitly prohibit or preempt it from doing so; and

COUNTY COUNCIL  
CLARK COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

- (2) state law does not already provide for exercising the power, providing the service, or performing the function or state law does provide for the foregoing but does not mandate any procedures to follow in implementing it."

There may be other laws under which funds may be disbursed without appropriation; however, appropriations are required before disbursements may be made from any fund subject to the Budget Laws unless specific authority to disburse without appropriation is provided by law. (The County Bulletin and Uniform Compliance Guidelines, April 2000)

**GENERAL FUND – YEAR 2011 FINANCIAL CONDITION**

The General Fund incurred deficit cash and investment balances in amounts of \$708,933 at June 30, 2011, and \$1,190,969 at August 3, 2011.

The County Council approved a budget for the General Fund in the amount of \$18,709,054 for the year 2011. The Indiana Department of Local Government Finance (DLGF) issued a Budget Order dated February 14, 2011, that reduced the General Fund budget to \$11,819,364. The County Council's board minutes, dated March 14, 2011, showed reductions to the General Fund appropriations being approved to comply with the DLGF Budget Order.

The County Council also approved additional appropriations in the amount of \$327,000 and \$212,934 that were approved by DLGF on May 9, 2011 and June 13, 2011, respectively, resulting in a total final approved appropriation for the General Fund for the year 2011 in the amount of \$12,360,479. General Fund disbursements subject to appropriation totaled \$8,140,612 for the period January 1, 2011 to June 30, 2011, or 66 percent of appropriations approved for the year by the DLGF, leaving an appropriation balance in the amount of \$4,219,867 for General Fund expenditures from July 1, 2011 to December 31, 2011.

In August 2011, the County Council officials stated they will begin the process to issue general obligation bonds in the amount of approximately \$1,300,000. The general obligation bonds will be used to restore previous reductions made to the General Fund budgets of the various Clark County courts and additional funding requested by the court as required by a court ordered judgment.

County office holders and department heads were instructed to submit a plan to the County Council by August 12, 2011, on how each office or department would comply with the reduced budget for each office or department.

Deficit cash balances can occur only because several County funds share a common depository account. When a deficit cash balance occurs, the County Auditor is in effect borrowing funds from other County Funds without obtaining formal approval from the County Council.

COUNTY COUNCIL  
CLARK COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

Indiana Code 36-1-8-4 (a) states:

"The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period.
- (5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred."

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  
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2011, with Barbara Hollis, President of the County Council.

The contents of this report were discussed on December 19, 2011, with M. Edward Meyer, former President of the Board of County Commissioners.