

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

AUDIT REPORT

OF

COUNTY TREASURER

FLOYD COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/06/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Linda L. Berger	01-01-09 to 12-31-12
President of the County Council	Ted Heavrin	01-01-11 to 12-31-12
President of the Board of County Commissioners	Mark Seabrook Stephen Bush	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
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TO: THE OFFICIALS OF FLOYD COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2011 to December 31, 2011, 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 Floyd County for the year 2011.

STATE BOARD OF ACCOUNTS

July 25, 2012

COUNTY TREASURER
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS

RETURNED CHECKS – NON-SUFFICIENT FUNDS

The Treasurer's bank reconciliation listed checks returned for non-sufficient funds. Some of these returned checks date back to the year 2009. The Treasurer was made aware that these items needed to be resolved during the prior audit; however, they currently remain uncollected.

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 tax duplicate so noted.

The treasurer should immediately notify the maker or drawer of the returned check. When it is determined that the return item is uncollectible, the treasurer shall attach all related documents to a regular claim to be presented to the board of county commissioners, with an explanation. Upon the commissioner's 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 by the auditor. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

Indiana Code 26-2-7-5 allows counties to pursue collection of these returned checks through the courts.

If the county chooses to pursue collection by the procedures listed in IC 26-2-7, any amounts collected over the face amount of the check would be receipted to the General Fund. Bank service charges may be paid to the treasurer along with the bad check at the time of reimbursement by the general fund or since money is already out of the bank account, the county auditor may post a disbursement in the general fund for the service fee. No check is written. (The County Bulletin and Uniform Compliance Guidelines, Vol. No. 353)

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconciliations as of December 31, 2011, revealed checks 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."

COUNTY TREASURER
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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."

INTEREST ON INVESTMENTS

The interest earned on the investments in November 2011 was not receipted to the proper funds. The Treasurer receipted \$999.78 of the interest earned to the Congressional School Interest Fund.

The County is liable for the payment of interest to the school corporations on the amounts held in trust in the Congressional School Principal Fund, whether or not the funds are loaned or invested. The Congressional School Principal Fund amount is \$24,994.62 and the interest at 4 percent to be paid is \$999.78 per year. The Congressional School Principal Fund amount is not invested and therefore, earned no interest. There was no authority to record the interest earned into the Congressional School Principal Fund instead of the General Fund.

All interest derived from an investment by a political subdivision under the authority granted by IC 5-13-9-3 shall be deposited, except as otherwise provided by law, in the general fund of the political subdivision or in any other fund the governing board designates specifically or by rule, subject to the modifications and limitations in IC 5-13-9-6. [IC 5-13-9-6(a)]

COUNTY TREASURER
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2012, with Linda L. Berger, Treasurer. The official concurred with our audit findings.

The contents of this report were also discussed on July 25, 2012, with Stephen Bush, President of the Board of County Commissioners, and Ted Heavrin, President of the County Council.