

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

AUDIT REPORT

OF

BOARD OF COUNTY COMMISSIONERS

CLARK COUNTY, INDIANA

January 1, 2012 to December 31, 2012



**FILED**  
12/17/2013



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Barbara Hollis	01-01-12 to 12-31-13
President of the Board of County Commissioners	Les Young Jack Coffman	01-01-12 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF CLARK COUNTY

We have audited the records of the Board of County Commissioners for the period from January 1, 2012 to December 31, 2012, 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 2012.

STATE BOARD OF ACCOUNTS

November 4, 2013

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS

**CUMULATIVE CAPITAL DEVELOPMENT FUND EXPENDITURES**

The minutes of the Board of County Commissioners indicated there was a declaration of emergency to pay the debt service costs on bonds due to a shortfall of cash and a declaration of emergency to purchase postage to mail County Assessor Form 11's (Notice of Assessment of Land and Improvements – Residential and Agriculture Property) because appropriations were not available. The emergencies were declared so these operating type expenditures would be paid from the Cumulative Capital Development Fund. The following is a summary of the operating type expenditures, totaling \$121,736.86, paid from the Cumulative Capital Development Fund during the year 2012:

Description of Expenditure	Amount Expended
Debt Service - Building Authority	\$ 51,000
Debt Service - on Judgement Bonds	57,000
Postage for mailings	13,736
Total	\$ 121,736

A similar comment was made in Report B40236 covering the year 2010.

Indiana Code 36-9-14.5-8 states in part:

"(a) The tax money collected under this chapter shall be held in a special fund to be known as the cumulative capital development fund. . . .

(c) Money held in the cumulative capital development fund may be spent for purposes other than the purposes stated in section 2 of this chapter, if the purpose is to protect the public health, welfare, or safety in an emergency situation that demands immediate action . . . Money may be spent under the authority of this subsection only after the county executive:

- (1) issues a declaration that the public health, welfare, or safety is in immediate danger that requires the expenditure of money in the fund . . ."

**HEALTH INSURANCE BENEFITS FOR RETIREES**

The amount contributed by the County towards the cost of retirees' monthly health insurance premiums was not in agreement with the amount specified in the County's policy. The County contributed \$250 per month per retiree towards the cost of monthly health insurance premiums for all County retirees. Ordinance 5-1997, regarding health insurance benefits, presented for audit, stated that the County shall contribute \$100 toward the monthly premium of a retired employee. Based on the policy presented for audit, the County's contributions for 13 retirees' health insurance exceeded the amount authorized by Ordinance 5-1997 by \$23,400 during the year 2012.

A similar comment was made in Reports B40236 and B40884 covering the years 2010 and 2011, respectively.

BOARD OF COUNTY COMMISSIONERS  
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(Continued)

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

***MEDICARE SUPPLEMENTAL INSURANCE FOR RETIREES***

The County contributes monthly towards the cost of Medicare supplemental insurance for all County retirees. No policy or ordinance was presented for audit authorizing the County to contribute toward the cost of a retiree's Medicare supplemental insurance. The County paid \$242 per month on 29 retirees for a total of \$87,260 during the year 2012.

A similar comment was made in Reports B40236 and B40884 covering the years 2010 and 2011, respectively.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written n policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

***INSURANCE FOR SHERIFF DEPARTMENT RETIREE SPOUSES***

The County's policy, Ordinance 13-1997, applicable only to health insurance benefits for Sheriff's Department employees, states that the County will pay for the retired employee's share of group health insurance coverage and Medicare supplement insurance. The policy does not define if the coverage includes the cost of a single policy or if it includes the cost of the retiree and the retiree's spouse. During the year 2012, the County paid the cost of insurance coverage for three spouses of Sheriff Department retirees totaling \$881.08.

Ordinance 13-1997 states in part: ". . . the Auditor shall pay the 'Retired employee's share' for group health insurance benefits . . . and . . . the premiums for eligible retiree's Medicare supplemental insurance." The ordinance further states: "Group health insurance benefits shall be available to the retiree's eligible spouse."

Although the policy states that coverage will be made available for the spouses to participate in insurance coverage it does not address who is responsible for paying the costs.

A similar comment was made in Reports B40236 and B40884 covering the years 2010 and 2011, respectively.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

***FUNDING SOURCE OF HEALTH INSURANCE COST OF SHERIFF'S DEPARTMENT***

The County's practice of funding costs for Sheriff's Department retiree's health insurance premiums and Medicare supplemental insurance premiums conflicts with established ordinances. The County's practice is to pay \$250 per month towards the costs of health insurance premiums and \$250 towards the monthly

BOARD OF COUNTY COMMISSIONERS  
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AUDIT RESULTS AND COMMENTS  
(Continued)

costs of Medicare supplemental insurance from the County's General Fund with the remaining cost paid from the Sheriff's Retiree Group Insurance Fund (aka Police Insurance Deduction Fund). However, Ordinance 13-1997 states the cost is to be paid from the Sheriff's Retiree Group Insurance Fund.

Ordinance 13-1997 states in part:

"The Clark County Auditor shall establish a fund to be known as the Sheriff's Retiree Group Insurance Fund. . . . From said fund the Auditor shall pay the 'Retired employee's share' for group health insurance benefits . . . and the Auditor shall also pay from said fund the premiums for eligible retiree's Medicare supplemental insurance."

A similar comment was made in Reports B40236 and B40884 covering the years 2010 and 2011, respectively.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

***EMPLOYEE HEALTH INSURANCE BENEFITS***

A written policy or ordinance was not presented for audit in order to determine that the amount paid by the County (employer share) on behalf of the employees for insurance benefits was in agreement with the approved amount. During 2012, the County contributed \$1,968,972 towards employee insurance.

A similar comment was made in Reports B40236 and B40884 covering the years 2010 and 2011, respectively.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

***COLLECTION OF RECYCLABLE WASTE NOT BID***

During the year 2012, the County paid Eco-Tech \$44,922 for the collection of recycle waste at various disposal sites throughout the County. There was no evidence presented for audit that sealed bids were requested or received for this service. In addition, no contract was presented for audit setting out the terms of service.

Indiana Code 36-9-30-5 states in part:

"(a) A unit may contract with persons for the collection or disposal of solid waste. . . .

(d) If a contract executed under subsection (a) . . . will yield a gross revenue to a contractor (other than a governmental entity) of at least twenty-five thousand dollars (\$25,000) during the time it is in effect, then the unit must comply with IC 36-1-12-4 in awarding the contract."

Indiana Code 36-1-12-4(b) states in part:

"The board must comply with the following procedure:

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed."

***PUBLIC RECORDS RETENTION***

Information was not presented for audit to document the procurement process for debris removal from creeks financed with a federal grant. The debris removal costs totaled \$814,027 during the year 2012. Proposals were not retained for all entities that submitted bids to perform work associated with the grant project. Information was not on file that documented how the proposals were evaluated in order to establish the best and most responsive bidder. As a result of insufficient documentation, we could not determine compliance with the federal procurement requirements.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 24, 2013, with M. Edward Meyer, former County Commissioner; and on November 4, 2013, with Jack Coffman, President of the Board of County Commissioners, and Barbara Hollis, President of the County Council. The Official Response has been made a part of this report and may be found on pages 9 through 11.

# **BOARD OF COMMISSIONERS OF CLARK COUNTY, INDIANA**

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**Jack Coffman, President**  
**Rick Stephenson, Vice President**  
**John Perkins**

**Jake Elder, General Counsel**

November 7, 2013

Indiana State Board of Accounts  
302 W. Washington St., Room E418  
Indianapolis, IN 46204-2765

Re: Clark County Commissioners' Official Response to Audit Comments

Please accept this letter as our official response to the audit comments noted in the 2012 audit report for Clark County.

## Cumulative Capital Development Fund Expenditures

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners make a diligent effort to ensure that expenditures from the Cumulative Capital Development Fund are used only when there is "Immediate Action" spending needed to protect the public health, welfare or safety in an emergency situation. The Commissioners will continue this practice and will strive to ensure that their meeting minutes describe the nature of the emergency.

## Health Insurance Benefits for Retirees

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County will review the Employee's Handbook and Ordinances relating to Health Insurance Benefits for Retirees and revise as needed.

Medicare Supplemental Insurance for Retirees

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with the ordinances are paid.

Insurance for Sheriff Department Retiree Spouses

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with the ordinances are paid. All ordinances relating to retirees will be reviewed and amended as needed to provide further clarification on this issue.

Funding Source of Health Insurance Cost of Sheriff's Department

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County will review Ordinance 13-1997 for the Sheriff's Department retiree's health insurance premiums and Medicare supplemental insurance premiums. Either the ordinance or the current practice will be revised to ensure compliance with the authorization for payment documentation.

Employee Health Insurance Benefits

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County will review existing ordinances with regard to employee benefits to ensure that only amounts paid are in accordance with approved amounts as established by Ordinance.

Collection of Recyclable Waste Not Bid

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County has been informed of the bidding requirements for this specific type of service contract and will review this requirement with the County Attorney to ensure that compliance in the future

Public Records Retention

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County will review current record retention policies to ensure that all public records are readily available for audit purposes



Jack Coffman  
President, Clark County Commissioners

Cc: Jake Elder, Clark County Attorney  
file