

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

EXAMINATION REPORT  
OF  
COUNTY AUDITOR  
BENTON COUNTY, INDIANA  
January 1, 2012 to December 31, 2012



**FILED**  
01/30/2015



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Patricia A. Clouse	01-01-09 to 12-31-16
President of the Board of County Commissioners	Bryan Berry	01-01-12 to 12-31-14
President of the County Council	Alan J. Adwell	01-01-12 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BENTON COUNTY

We have examined the records of the County Auditor 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Benton County for the year 2012.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

December 10, 2014

COUNTY AUDITOR  
BENTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

***PENALTIES, INTEREST, AND OTHER CHARGES***

On November 27, 2013, the County paid \$1,166.99 in penalties and interest to the Internal Revenue Service because tax payments for the quarter ending September 30, 2012, were not remitted timely.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

***RECONCILIATIONS BETWEEN AUDITOR AND TREASURER***

Reconciliations of the Treasurer's Cash Book balances to the depository balances were accurately performed. However, the Treasurer's Cash Book balance did not agree with the Auditor's funds ledger balance. On December 31, 2012, the Auditor's funds ledger reported a balance of \$11,854,946.78, the Treasurer reported a balance of \$11,854,779.09; a difference of \$166.87.

At the close of each calendar month a Monthly Financial Statement, County Form No. 61, shall be prepared, showing the financial transactions for the month and year to date, for each fund and in total.

The county treasurer is also required to independently prepare a Monthly Financial Statement on the same form and the two statements must be reconciled. If any differences exist between the records of the auditor and the treasurer, they must be identified and immediate steps taken to bring the records of the two offices into agreement. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 6)

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 Auditors of Indiana, Chapter 14)

Regardless of the source of a receipt or the purpose of a disbursement, all funds of the county must be accounted for in the records of the county auditor and reconciled with the records of the county treasurer. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 5)

***CONDITION OF RECORDS***

The County Treasurer and County Auditor Excise Tax Reconciliation at Settlement Worksheet (settlement worksheet) for the Spring 2012 settlement was not completed correctly. The Treasurer used two different dates on the settlement worksheet; the Cash Book amounts from the cut-off date of May 10, 2012, and the day before settlement of June 15, 2012. Therefore, the amounts did not agree. On November 6, 2014, the Treasurer correctly recalculated the worksheet using the Settlement Certification date.

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The Treasurer also incorrectly completed the settlement worksheet for the Fall 2012 settlement. The cut-off date was used instead of the total excise tax collected per the Cash Book on the Settlement Certification date. In addition, the 49TC for Licensed Excise Tax Collected reported the amount on the cut-off date instead of the Settlement Certification date.

At the time of each semiannual tax settlement the county treasurer shall report such tax collections, together with the auto rental excise tax and aircraft license excise tax collections discussed in this section, on County Form No. 49TC, County Treasurer's Certificate of Tax Collections, and the total shown by the auditor's records shall be verified with the treasurer's certificate before distribution is made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 9)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

**TAX AND SETTLEMENT FUNDS**

The County has not established funds to account for the Commercial Vehicle Excise Tax (CVET), Financial Institution Tax (FIT), and County Adjusted Gross Income Tax (CAGIT) received from the state to be distributed to local governmental units. Instead, the County receipted these taxes into the Settlement Fund (6000) which is to be used to account for property taxes.

The State Board of Accounts is empowered to prescribe the accounting system, as well as accounting forms and records, which must be uniform in all counties. [IC 5-11-1-2] It is, therefore, incumbent on all county auditors that records be kept in the prescribed manner. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 5)

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 County Auditors of Indiana, Chapter 14)

**OFFICIAL BOND**

The Auditor's Surety Bond was insufficient per the Indiana Code. The Auditor's Surety Bond for 2012 was for \$15,000, whereas, it should not have been less than \$30,000.

Indiana Code 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).

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- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

**APPROPRIATIONS**

The records presented for examination indicated that expenditures from the Emergency Medical Service fund were in excess of budgeted appropriations by \$18,606.

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."

**STATEWIDE 911 FUND**

The County was required to establish a new Statewide 911 Fund (#1222) to replace both the Emergency Telephone System Fund (#1153) and the Wireless Emergency Telephone System Fund (# 1210). Any balance remaining in the Emergency Telephone System Fund or Wireless Emergency Telephone System Fund was to be transferred to the new Statewide 911 Fund by July 1, 2012.

The County established a Statewide 9-1-1 fund but the balance transfers were not made until February 5, 2013, and February 7, 2013, from the Emergency Telephone System fund and the Wireless Emergency Telephone fund, respectively. Receipts were recorded in the Emergency Telephone System fund up through July 9, 2012. Expenditures were made from the Wireless Emergency Telephone fund through December 28, 2012, which caused the County to report a negative balance in the fund at December 31, 2012.

Indiana Code 36-8-16.7-29 states:

"(a) The statewide 911 fund is established for the purposes of creating and maintaining a uniform statewide 911 system. The board shall administer the fund. The expenses of administering the fund must be paid from money in the fund.

(b) The fund consists of the following:

- (1) The statewide 911 fee assessed on users under section 32 of this chapter.
- (2) Appropriations made by the general assembly.
- (3) Grants and gifts intended for deposit in the fund.
- (4) Interest, premiums, gains, or other earnings on the fund.
- (5) Enhanced prepaid wireless charges collected and remitted under IC 36-8-16.6-12.
- (6) Money from any other source that is deposited in or transferred to the fund."

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**911** - Adds IC 36-8-16.7 - Repeals IC 36-8-16 and IC 36-8-16.5 - Counties may no longer establish a 911 fee for landlines. A statewide 911 fee has been established for both landline and wireless to be collected by the Statewide 911 Board, initially for ninety cents. The counties deposit the distributed fees into their county's local Statewide 911 Fund. The balances at June 30, 2012 in the funds required under IC 36-8-16 and -16.5 are transferred to the new Statewide 911 Fund July 1, 2012. (The County Bulletin and Uniform Compliance Guidelines, June 2012, page 6)

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 Auditors of Indiana, Chapter 14)

**OVERDRAWN CASH BALANCES**

The financial statement presented for examination included the following funds with overdrawn cash balances at December 31, 2012:

<u>Fund</u>	<u>Amount Overdrawn</u>
Emergency Medical Service	\$ 43,083
Wireless Emergency Telephone	751

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 Auditors of Indiana, Chapter 14)

COUNTY AUDITOR  
BENTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 10, 2014, with Patricia A. Clouse, Auditor; Bryan Berry, President of the Board of County Commissioners; and Alan J. Adwell, President of the County Council.