

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

EXAMINATION REPORT
OF
COUNTY AUDITOR
BENTON COUNTY, INDIANA
January 1, 2013 to December 31, 2013



FILED
02/06/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Bank Account Reconciliations	4
Condition of Records	4
Tax and Settlement Funds	5
Official Bond	5
Appropriations.....	5
Exit Conference.....	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Patricia A. Clouse	01-01-13 to 12-31-16
President of the Board of County Commissioners	Bryan Berry	01-01-13 to 12-31-14
President of the County Council	Alan J. Adwell	01-01-13 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, 2013 to December 31, 2013, 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 2013.

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

December 10, 2014

COUNTY AUDITOR
BENTON COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

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, 2013, the Auditor's funds ledger reported a balance of \$10,295,425.40, the Treasurer reported a balance of \$10,292,991.60; a difference of \$2,433.80. Corrections for errors in 2013 made in January 2014 decreased the difference to \$288.88; however, the errors were not noted on the December 2013 reconciliation.

At the close of each calendar month a Monthly Financial Statement, County Form 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 identified and immediate steps taken to bring the records of the two offices into agreements. (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 2013 settlement was not completed correctly. The Treasurer used the cut-off date of May 10, 2013, instead of the Settlement Certification date of June 4, 2013.

The Treasurer also incorrectly completed the settlement worksheet for the Fall 2013 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)

COUNTY AUDITOR
BENTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 that are 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 Bonds were insufficient per the Indiana Code. The Auditor's Surety Bond for 2013 was for \$15,000, whereas, it should not be 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).
- (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 \$1,015 for 2013.

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."

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.