

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

AUDIT REPORT
OF
COUNTY AUDITOR
BROWN COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
12/20/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Mari H. Miller	01-01-03 to 12-31-10
President of the County Council	David Critser	01-01-06 to 12-31-07
President of the Board of County Commissioners	Stephanie R. Yager	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BROWN COUNTY

We have audited the records of the County Auditor for the period from January 1, 2006 to December 31, 2006, 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 Brown County for the year 2006.

STATE BOARD OF ACCOUNTS

December 11, 2007

COUNTY AUDITOR
BROWN COUNTY
AUDIT RESULTS AND COMMENTS

TAX SALE NOT HELD

A tax sale was not held in 2006 to collect delinquent property taxes on real property. Due to problems with reassessment the county has elected not to have a tax sale since 2002.

Indiana Code 6-1.1-24 and 6-1.1-25 require that a tax sale be held every year.

TEMPORARY LOANS

Three temporary loans were outstanding as of December 31, 2006. A loan of \$350,000 was made in 2005 from the CEDIT Excess Fund to the County Family and Children Fund and not repaid by June 30, 2006. The loan was repaid August 29, 2007. A loan of \$790,000 was made in 2006 from the CEDIT Excess Fund to the County General Fund and not repaid by June 30, 2007. The loan remains outstanding as of the exit conference date. A loan of \$900,000 was made in 2006 from the Cumulative Capital Development Fund to the County General Fund and not repaid by June 30, 2007. The loan remains outstanding as of the exit conference date.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (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. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

- (1) Claims were not presented for all disbursements tested.
- (2) Some claims tested did not have adequate supporting documentation presented.
- (3) All claims tested did not have fiscal officer approval.
- (4) Some claims included payment of late fees and penalties.

Indiana Code 5-11-10-1.6(c) states: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the governmental entity's fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

COUNTY AUDITOR
BROWN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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 government unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

PENALTIES AND LATE FEES

In some cases amounts payable to vendors and other suppliers of goods and services are not being paid in a timely manner. Therefore, the county is paying some penalties and late fees on these claims.

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, Chapter 14)

OVERDRAWN FUND BALANCES

The General Fund (\$2,560,417), the Health Fund (\$104,851), the Brown County Family Access Fund (\$39,029), the Impact Grant Fund (\$263), and the Brown County Tobacco Free Fund (\$1,303) were overdrawn at December 31, 2006.

The 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 County Auditors, Chapter 14)

CAPITAL ASSETS

As noted in prior audit reports, information presented for audit did not indicate an inventory or record of fixed assets using Capital Asset Ledger, County Form 146 or an approved alternative form.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14 and 20)

COUNTY AUDITOR
BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2007, with Mari H. Miller, Auditor; and Stephanie R. Yager, President of the Board of County Commissioners.