

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

AUDIT REPORT

OF

COUNTY AUDITOR

MIAMI COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

09/25/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Brenda Weaver Jane Lilley	01-01-05 to 12-31-08 01-01-09 to 12-31-12
President of the County Council	William E. Click Ralph Duckwall	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	Gary D. Hawley Greg Deeds	01-01-08 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MIAMI COUNTY

We have audited the records of the County Auditor for the period from January 1, 2008 to December 31, 2008, 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 Miami County for the year 2008.

STATE BOARD OF ACCOUNTS

August 25, 2009

COUNTY AUDITOR
MIAMI COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for Miami County for the year 2008 was not presented for audit. This was also noted in prior Reports B28814, B30750, and B32517.

IC 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner no later than thirty (30) days after the close of each fiscal year."

OVERDRAWN CASH BALANCES

The cash balances of the Health Grant Fund, Law Enforcement Continuing Education Fund, and PCA Fee Fund were overdrawn in 2008. A similar comment was contained in the prior Report B32517.

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 County Auditors of Indiana, Chapter 14)

APPROPRIATIONS OVERSPENT

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Health Grant	2007	\$ 49
Law Enforcement Continuing Education	2007	4,436
County Correction	2007	2,219

A similar comment was contained in prior Report B32517.

IC 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."

TEMPORARY LOAN

A temporary loan of \$30,000 was made in 2007 from the Health Maintenance - Tobacco Fund to the County Health Fund and has not been repaid as of July 28, 2009. This was also noted in prior Report B32517.

COUNTY AUDITOR
MIAMI COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

IC 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 and finance."

COMINGLING OF E911 FEES

Fees (commonly known as E911 fees) are received for the enhanced emergency telephone system and the enhanced wireless emergency telephone service. The County is to maintain these fees in two separate funds. We found that revenue distributed by the State of Indiana from wireless telephone fees was combined into the same fund that accounts for the landline E911 fees. In addition, monies from the City of Peru and from Miami County are comingled in one E911 fund with the landline and wireless fees. Not maintaining a separate fund for these fees results in an internal control weakness over the ability to ensure that the fees are expended as required by statute.

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)

IC 36-8-16-13 states:

"Deposit of fees into emergency telephone system fund

Sec. 13. A county treasurer or municipal fiscal officer to whom enhanced emergency telephone system fees are remitted under section 12 of this chapter shall deposit the fees in a separate fund. The fund shall be known as the Miami County Emergency Telephone System fund. The county treasurer or municipal fiscal officer may invest money in the fund in the same manner that other money of the county or municipality may be invested. The county treasurer or municipal fiscal officer shall deposit any income earned from such an investment in the fund.

As added by P.L.91-1988, SEC.5."

COUNTY AUDITOR
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AUDIT RESULTS AND COMMENTS
(Continued)

IC 36-8-16.5-43 states:

"County wireless emergency telephone system funds; establishment; deposits by county treasurer

Sec. 43. The distribution of wireless emergency enhanced 911 funds by the board for cost recovery by PSAPs under section 39 of this chapter must be deposited by the county treasurer in a separate fund set aside for the purposes allowed by section 41 of this chapter. The fund must be known as the Miami County Wireless Emergency Telephone System fund. The county treasurer may invest money in the fund in the same manner that other money of the county may be invested, but income earned from the investment must be deposited in the fund set aside under this section.

As added by P.L.98-1998, SEC.1. Amended by P.L.16-2002, SEC.19."

We recommended that the E911 fees be maintained in separate funds.

TIMELY RECORDKEEPING

We noted instances where several weeks would elapse from the time of the original date of certain transactions until entry on the records. For example, a County Option Income Tax (COIT) distribution for \$366,078.96 that was electronically deposited from the State on December 1, 2008, was not posted to the Auditor's Funds Ledger until February 6, 2009. Also, a County Economic Development Income Tax (CEDIT) distribution for \$1,025,967.19 that was electronically deposited from the State on May 1, 2008, was not posted to the Auditor's Funds Ledger until June 5, 2008.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 16)

PROPERTY TAX DISTRIBUTIONS

Property tax advances to the Cumulative Bridge Fund and the Cumulative Courthouse Fund were improperly posted. As a result, the advances receipted to these two funds do not agree with the County Auditors Certificate of Tax Distribution (County Form 22) for the spring settlement of 2007 pay 2008 taxes which occurred on September 26, 2008. The net effect of the error is that the Cumulative Bridge Fund received \$3,240.91 that should have been receipted to the Cumulative Courthouse Fund. A similar comment was also contained in the prior Report B32517.

At all times, the manual and 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)

COUNTY AUDITOR
MIAMI COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use, or were replaced by unapproved forms or electronic data displays: Form 24B (Fund Ledger and Ledger of Receipts); Form 24C (Detailed Ledger of Disbursements); Form 24A (Ledger of Appropriations and Disbursements); Form 61 (Monthly Financial Statement); County Form 65STF (Surplus Tax Fund Ledger); Form 350 (Register of Investments); Form 99B (Employee's Earnings Record); Form 146 (General Fixed Asset Account Group); Form 16 (Warrant); Form 20-21 (Receipt); and others. A similar comment was contained in prior Reports B30750 and B32517.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
MIAMI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2009, with Jane Lilley, Auditor; Greg Deeds, President of the Board of County Commissioners; and Ralph Duckwall, President of the County Council. The officials concurred with our audit findings.