

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

AUDIT REPORT

OF

COUNTY AUDITOR

BARTHOLOMEW COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

09/30/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nancy McKinney Sandra Beatty (Interim) Barbara J. Hackman	01-01-07 to 10-23-08 10-24-08 to 11-02-08 11-03-08 to 12-31-10
President of the Board of County Commissioners	Carl Lienhoop Larry Kleinhenz	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the County Council	Phyllis Apple Keith Sells	01-01-08 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA
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TO: THE OFFICIALS OF BARTHOLOMEW 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 Bartholomew County for the year 2008.

STATE BOARD OF ACCOUNTS

August 20, 2009

COUNTY AUDITOR
BARTHOLOMEW COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROL – CAPITAL ASSETS

Our audit disclosed that internal control over capital assets was inadequate to provide reasonable assurance that assets would be safeguarded against loss, and that reliable data is obtained, recorded, and maintained properly to permit the preparation of accurate financial statements.

As noted in the last 12 annual audits, attempts has been made to prepare the capital asset records; however, the current capital asset records are not adequate. Not all capital asset purchases and disposals were recorded and the original cost did not reflect all values given towards purchases (trade in value). We also noted that an annual inventory had not been conducted by each County office or department for the last several years. No information was presented for audit to indicate verification was made of the capital assets inventories, independent of the employees having access to the assets. In addition, some capital assets were not properly identified including those that were acquired in whole or part with federal funding during prior periods. These conditions indicate that proper segregation of duties did not exist and Capital Assets were not adequately safeguarded.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded in the General Fixed Asset Account Group, Form 369, or properly approved form as applicable. 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 of Indiana, Chapter 20)

Similar comments were included in prior Reports B05637, B08255, B09674, B12549, B15284, B16995, B19131, B21875, B24747, B28455, B31192, and B32670.

OVERDRAWN CASH BALANCE

At December 31, 2008, the Adult Protective Services Fund reported a deficit cash balance of \$13,307. Cash and investment deficits arose primarily from disbursements exceeding receipts due to the reimbursable federal grants. These deficits are to be repaid from future receipts.

COUNTY AUDITOR
BARTHOLOMEW COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 6)

A similar comment was included in prior Report B32670.

ACCOUNTING FOR E-911 FEES

Amounts receipted into the County's E-911 fund included monies received from both landline 911 fees and wireless 911 fees.

IC 36-8-16-13 states:

"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 _____ (insert name of county or municipality) 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."

IC 36-8-16.5-43 states:

"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 _____ (insert name of 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."

We recommended the County utilize two separate funds to account for distributions received for landline 911 fees and wireless 911 fees and any related interest earned on investment of these funds. Other revenue sources (monies received not related to 911 fees or interest earned on investment of these fees) should be maintained in separate funds as well. Separate funds are required to ensure that fees received are expended only for those activities allowable per statute.

COUNTY AUDITOR
BARTHOLOMEW COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2009, with Barbara J. Hackman, Auditor; Larry Kleinhenz, President of the Board of County Commissioners; and Keith Sells, President of the County Council. The officials concurred with our audit findings.