

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

AUDIT REPORT

OF

COUNTY AUDITOR

SHELBY COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**

12/31/2009



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Amy L. Glackman	01-01-07 to 12-31-10
President of the County Council	Terry Smith	01-01-08 to 12-31-09
President of the Board of County Commissioners	Tony Newton	01-01-08 to 12-31-09



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF SHELBY 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 Shelby County for the year 2008.

STATE BOARD OF ACCOUNTS

November 23, 2009

COUNTY AUDITOR  
SHELBY COUNTY  
AUDIT RESULTS AND COMMENTS

FUND FOR E911 FEES

Fees (commonly known as E911 fees) are received for the enhanced emergency telephone system (landline fees) and the enhanced wireless emergency telephone service (wireless fees). The County is to maintain these fees in separate funds. We found that revenue from these fees was combined into the same fund. 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 Shelby 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.*"

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 Public Safety Answering Point's (PSAP) 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 Shelby 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 a separate fund.

ANNUAL REPORT

The 2008 annual report for Shelby County was not completed until April 27, 2009.

For calendar year 2008, 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."

COUNTY AUDITOR  
SHELBY COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

OVERDRAWN FUND BALANCES

The Cumulative Reassessment Fund, General Drain Improvement Fund, Youth Substance Abuse Prevention Fund, Victim Assistance Fund, Adult Protective Services Fund, Victim Assistance 2 Fund, Juvenile Intensive Supervision Fund, Adult Protective Services 2 Fund, Homeland Security Computer Grant Fund, Tax Sale Redemption Fund, Tax Distribution Fund, and Overpayment Fund were overdrawn in 2008.

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 Auditors of Indiana, Chapter 14)

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
Cumulative Reassessment	2008	\$ 61,210
Cumulative Bridge	2008	353,866
Health	2008	2,937

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."

TAX DISTRIBUTION FUND

As of December 31, 2008, the County's Tax Distribution Fund had a negative balance of \$94,587. This was due to property tax refunds being paid from the Tax Distribution Fund instead of the County General Fund in 2008.

IC 6-1.1-26-5(a) concerning tax refunds states:

"When a claim for refund filed under section 1 of this chapter is allowed either by the county board of commissioners, the department of local government finance, the Indiana board, or the Indiana tax court on appeal, the claimant is entitled to a refund. The amount of the refund shall equal the amount of the claim so allowed plus, with respect to claims for refund filed after December 31, 2001, interest at four percent (4%) from the date on which the taxes were paid or payable, whichever is later, to the date of the refund. The county auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this section.

COUNTY AUDITOR  
SHELBY COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

CAPITAL ASSETS

Information presented for audit did not indicate that the record of capital assets was updated for additions and disposals in 2008.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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 of Indiana, Chapter 14)

COUNTY AUDITOR  
SHELBY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 23, 2009, with Amy L. Glackman, Auditor; and Tony Newton, President of the Board of County Commissioners. The officials concurred with our audit findings.