

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

AUDIT REPORT
OF
COUNTY AUDITOR
MONROE COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED
01/03/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Amy Gerstman	01-01-09 to 12-31-12
President of the County Council	Vic Kelson Geoff McKim	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of County Commissioners	Patrick Stoffers	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONROE COUNTY

We have audited the records of the County Auditor for the period from January 1, 2009 to December 31, 2009, 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 Monroe County for the year 2009.

STATE BOARD OF ACCOUNTS

August 5, 2010

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$11,438.12 were paid to the Internal Revenue Service on May 26, 2009 for the period ending March 2009. Upon appeal by the County legal department, the Internal Revenue Service refunded the County \$6,018.36 on April 5, 2010, resulting in a total of \$5,419.76 in penalties and interest paid.

Penalties and interest totaling \$933.65 were paid to the Indiana Department of Revenue on May 8, 2009, for the period ending February 2009.

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 of Indiana, Chapter 14)

ACCOUNTING RECORDS - LICENSE EXCISE, WHEEL AND SURTAXES

We were requested to perform an extended review of the license excise, wheel and surtaxes. We reviewed for the years 2006, 2007, 2008, and 2009 there were several different people who had kept the records over this period for these taxes. We found that there was no consistency on when collections were cut off for distribution of these taxes to the taxing units. Wheel and surtax receipts and distributions, according to the County Auditor's records, were abstracted from December 31, 2005 to December 31, 2009. This disclosed that the wheel and surtax distributions to taxing units exceeded receipts by \$149,418.03 for this four year period. The County's record was only posted through May 19, 2010. Excise tax receipts, which includes vehicle license excise, wheel and surtaxes, through July 2010 was abstracted and given to the County Auditor.

The record of license excise, wheel and surtaxes was kept with running totals from 2006 through 2009 but did not maintain cut off data that identified collections to distributions. Records should be such that exactly what collections are included in a distribution to the taxing units is properly reflected. The amount distributed to the taxing units for license excise, wheel and surtaxes should match the amount accumulated for that distribution period.

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Additionally, the amount accumulated for license excise, wheel and surtaxes by the County Auditor should be balanced to the amount reported on the County Treasurer's Daily Record of Cash and Depositories. Any differences need to be identified.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OVERDRAWN FUND BALANCES

The Tax Distribution and Payroll Supplemental Insurance Funds were overdrawn at December 31, 2009. The Tax Distribution Fund overdrawn balance was from the prior County Auditor and corrected in 2010 when the final 2009 tax settlement was made. The Payroll Supplemental Insurance Fund overdrawn balance was from a posting error that was corrected on February 25, 2010.

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 of Indiana, Chapter 14)

COUNTY AUDITOR
MONROE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2010, with Amy Gerstman, Auditor.
The officials concurred with our audit findings.