

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

AUDIT REPORT

OF

COUNTY AUDITOR

GRANT COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED

07/26/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michael H. Burton Roger A. Bainbridge	01-01-07 to 12-31-10 01-01-11 to 12-31-14
President of the County Council	James E. McWhirt	01-01-10 to 12-31-11
President of the Board of County Commissioners	Mark E. Bardsley	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GRANT COUNTY

We have audited the records of the County Auditor for the period from January 1, 2010 to December 31, 2010, 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 Result(s) and Comment(s). The financial transactions of this office are reflected in the Annual Financial Report of Grant County for the year 2010.

STATE BOARD OF ACCOUNTS

June 28, 2011

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULT(S) AND COMMENT(S)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at December 31, 2010:

Fund	Amount
JEAN Team	\$ 18,532
Federal Immunization Grant	6,215
CASA/Grant County	1,507
Drug Court Discretionary Grant	1,890
Aggressive Driving Grant	628
CJC Re-Entry Court	35,787
County Debt Service	395,689

A similar comment appeared in prior Report B37281.

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)

REPAYMENTS AND TRANSFERS/TEMPORARY LOANS

The General Drain Maintenance Fund made payments on May 25, 2005, in the amount of \$66,000; on March 9, 2009, in the amount of \$20,578 and on January 13, 2010, in the amount of \$14,598 for debt payments which were obligations of the General Drain Improvement Fund. On February 25, 2010, a repayment of \$20,000 was made from the General Drain Improvement Fund to the General Drain Maintenance Fund leaving an unpaid temporary loan balance of \$81,176 as of December 31, 2010. A similar comment appeared in prior Report B37281.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Indiana Code 36-1-8-4 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."

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Excess Amount Expended</u>
County Debt Service	<u>\$ 1,798</u>

A similar comment appeared in prior Report B37281.

Indiana Code 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."

SUPPORTING DOCUMENTATION

A credit card claim for \$1,320 was paid with no supporting documentation. Due to the lack of supporting information, the validity and accountability of this payment could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

ANNUAL REPORT

The annual report for 2010 was not completed until March 14, 2011.

Indiana Code 5-11-1-4 states in part: "These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year."

WIRELESS EMERGENCY TELEPHONE SYSTEM FUND

A Wireless Emergency Telephone System Fund has not been established.

A similar comment appeared in prior Report B37281.

Indiana Code 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.

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

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."

***SURPLUS TAX FUND AND TAX CERTIFICATE SALE REDEMPTION
FUND - RECONCILIATION OF SUBSIDIARY LEDGERS***

Reconcilements were not made between the Surplus Tax Fund Ledger (subsidiary ledgers) and Surplus Tax Fund (control account) at December 31, 2010. The Surplus Tax Fund Ledger lists in detail by taxing district each item of surplus tax collected, the total of which shall be receipted into the Surplus Tax Fund. Reconcilements were not made between the Tax Certificate Sale Redemption Fund Ledger (subsidiary ledgers) and Tax Certificate Sale Redemption Fund (control account) at December 31, 2010.

At all times, the manual and/or 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)

RECORD INFORMATION

Quietuses and checks were not always posted to the ledger on the date issued. Some correcting entries were dated the date of the original transaction rather than the date the correction was made. A similar comment appeared in prior Report B37281.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

INTERNAL CONTROLS

The computerized accounting system does not adequately allow transactions to be traced from reports back to an original source document. The system allows backdating of source documents.

The computerized system does not, but should, identify reprinted receipts as copies. If copies of previously issued receipts cannot be distinguished from original receipts, it may be difficult to identify instances where customers were provided with copies of receipts previously issued to other customers. This could result in the failure to identify instances where funds were never entered into the accounting system or deposited.

The accounting system does not, but should, require a receipt to be posted prior to being printed. This will help ensure that all receipts are posted to the system and all funds can be accounted for. Until the system is modified, it may be difficult to identify instances where customers were provided with receipts but funds were never posted to the accounting system or deposited.

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

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 management's objections, 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.

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, Chapter 14)

CAPITAL ASSETS

Capital asset records were not properly maintained. Not all additions and deletions were recorded during the audit period.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. 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
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2011, with Michael H. Burton, former Auditor. The official concurred with our audit findings.

The contents of this report were discussed on June 28, 2011, with Roger A. Bainbridge, Auditor; Mark E. Bardsley, President of the Board of County Commissioners; and James E. McWhirt, President of the County Council.