

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

AUDIT REPORT

OF

COUNTY AUDITOR

JACKSON COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
11/18/2013

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Debra F. Eggeman Kathy S. Hohenstreiter	01-01-09 to 12-31-12 01-01-13 to 12-31-16
President of the County Council	Charles S. Murphy	01-01-12 to 12-31-13
President of the Board of County Commissioners	Jerry Hounshel	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JACKSON COUNTY

We have audited the records of the County Auditor for the period from January 1 2012 to December 31, 2012, 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 Jackson County for the year 2012.

STATE BOARD OF ACCOUNTS

November 13, 2013

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors:

1. Ten federal grants with a total of \$518,347 in expenditures were not reported.
2. The federal grant expenditures reported by the County were overstated by \$65,170.
3. State grant expenditures were reported as federal grant expenditures in the amount of \$308,760.
4. The pass-through entity and identifying number assigned by the pass-through entity for some federal programs were not always included or were incorrect.
5. The amounts reported for federal awards expended for some individual federal programs were not correct.
6. The federal awards reported for some individual federal programs did not include the CFDA number.

Audit adjustments were proposed, accepted by the County, and made to the SEFA. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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 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.

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)

ANNUAL REPORT

The Annual Report for 2012 contained material errors regarding federal grant expenditures, and other grant identifying information was reported incorrectly.

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. 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. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

OVERDRAWN CASH BALANCES

The financial statement included the following funds with overdrawn cash balances at December 31, 2012:

<u>Fund</u>	<u>Amount Overdrawn</u>
Alcohol And Drug Services	\$ 7,589
Burkhart Drive I65 TIF	200,000
Community Correction Juvenile	15,331
Hea 1001-2008 State Homestead Credit	2,091
Fica And Medicare Withholding	519
Garnishment Withholding	5,493
Ameritas Dental/Eye	13

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

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>
General	2012	\$ 253,304
Local Road And Street	2012	8,186
Cumulative Capital Development	2012	90,307

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."

COUNTY AUDITOR
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 13, 2013, with Jerry Hounshel, President of the Board of County Commissioners; Brian H. Thompson, Vice President of the County Council; and Kathy S. Hohenstreiter, Auditor. The officials concurred with our audit findings.