

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

AUDIT REPORT

OF

COUNTY AUDITOR

SWITZERLAND COUNTY, INDIANA

January 1, 2012 to December 31, 2012



**FILED**  
01/24/2014



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Overdrawn Cash Balances .....	4
Claims .....	4
Annual Report.....	4
Appropriations.....	5
Delinquent Wastewater Accounts.....	5
Exit Conference.....	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Gayle A. Rayles	01-01-11 to 12-31-14
President of the County Council	Michael L. Jones	01-01-12 to 12-31-13
President of the Board of County Commissioners	Brian L. Morton Mark Lohide	01-01-12 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF SWITZERLAND 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 Switzerland County for the year 2012.

STATE BOARD OF ACCOUNTS

December 17, 2013

COUNTY AUDITOR  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The financial statement presented included the General Fund, Local Road and Street Fund, and Wastewater Utility Operating Fund which had overdrawn cash balances at December 31, 2012, in the amounts of \$189,832, \$1,532, and \$10,076, respectively.

A similar comment appeared in prior Report B41779.

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)

**CLAIMS**

A test of claims identified a deficiency with an error rate greater than 10 percent. Of the claims tested, 40 percent did not have evidence to support receipt of goods or services. This error resulted in \$69,671.87 of expenditures which did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

**ANNUAL REPORT**

The Annual Report for 2012 did not properly reflect the financial activity required to be reported on the Financial Assistance to Non-Governmental Entities Report.

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."

COUNTY AUDITOR  
SWITZERLAND COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**APPROPRIATIONS**

The records presented for audit indicated that expenditures were in excess of budgeted appropriations for the Cumulative Capital Development Fund and the Local Road and Street Fund by \$101,316 and \$1,144, respectively.

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."

**DELINQUENT WASTEWATER ACCOUNTS**

In 2012, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the Auditor which would result in a lien against the property. The Auditor stated that the process has been started and they will be filing liens in 2013.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty.

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May."

COUNTY AUDITOR  
SWITZERLAND COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2013, with Gayle A. Rayles, Auditor. The official concurred with our audit findings.

An exit conference was also held on December 17, 2013, with Michael L. Jones, President of the County Council, and Patrick S. Lyons, County Commissioner.