

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

EXAMINATION REPORT
OF
COUNTY AUDITOR
CARROLL COUNTY, INDIANA
January 1, 2013 to December 31, 2013



FILED
12/05/2014

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Elaine Hathaway Debbie Stevens	01-01-11 to 06-20-14 06-21-14 to 12-31-14
Treasurer	Beth Myers	01-01-11 to 12-31-14
Clerk	Andrea Miller	01-01-13 to 12-31-16
Sheriff	Tony Burns	01-01-11 to 12-31-14
Recorder	Mary Ann Burton	01-01-13 to 12-31-16
President of the Board of County Commissioners	Patrick F. Clawson	01-01-13 to 12-31-14
President of the County Council	James Hancock	01-01-13 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CARROLL COUNTY

We have examined the records of the County Auditor for the period from January 1, 2013 to December 31, 2013, 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Carroll County for the year 2013.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 27, 2014

COUNTY AUDITOR
CARROLL COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statement presented for the County included the Sewage Collections fund with an overdrawn cash balance at December 31, 2013, of \$2,285.

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)

FUND SOURCES AND USES - CAGIT SETTLEMENT

The County is not posting correctly to the CAGIT Distribution fund (7311) or the CAGIT County Certified Share fund (1110). The monies receipted into and disbursed from the CAGIT Distribution fund (7311) should have been recorded in the CAGIT County Certified Share (1110), and the monies recorded in the CAGIT County Certified Share fund (1110) should have been recorded in the CAGIT Distribution fund (7311).

A chart of accounts is a listing of account titles, with numerical symbols, employed in the compilation of financial data. It also serves to facilitate processing of claims, warrants, and other documents and as a convenience in posting ledgers.

A numerical coding system has been established for use in accounting for funds, revenues, appropriations and expenditures, which is adaptable to all counties having a manual or mechanized accounting system, as distinguished from electronic data processing. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 5)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

ANNUAL REPORT

The Annual Report for 2013 contained a number of errors and did not properly reflect the financial activity of the County. This information was used to compile the financial statement presented for examination. The Annual Report presented differed from the County's financial records as follows:

The Cumulative Bridge fund beginning balance was overstated by an investment of \$425,000.

The Tax Increment Financing fund beginning balance was understated by \$20,244 and disbursements were overstated by \$250,375.

The Treasurer's After Settlement Collections Supplemental fund receipts and disbursements were not reported properly.

COUNTY AUDITOR
CARROLL COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Adjustments were proposed, accepted by the County, and made to the financial statement presented in this report. These adjustments resulted in a presentation of the financial statement that is materially correct.

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."

INTERNAL CONTROLS OVER FINANCIAL REPORTING

We noted a deficiency in the internal control system of the County related to reporting. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's examined financial statement and then determining how those identified risks should be managed. The County has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement. The County Auditor independently prepared the financial statement without oversight, review, or approval.

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)

COUNTY AUDITOR
CARROLL COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2014, with Debbie Stevens, Auditor.