

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

AUDIT REPORT

OF

COUNTY AUDITOR

SHELBY COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/14/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Amy L. Glackman	01-01-11 to 12-31-14
President of the County Council	Tom K. Debaun	01-01-11 to 12-31-12
President of the Board of County Commissioners	Tony Newton	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SHELBY COUNTY

We have audited the records of the County Auditor for the period from January 1, 2011 to December 31, 2011, 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 Shelby County for the year 2011.

STATE BOARD OF ACCOUNTS

July 31, 2012

COUNTY AUDITOR
SHELBY COUNTY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Information presented for examination did not indicate an inventory or record of capital assets using Capital Asset Ledger, General Form 369.

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 Capital Assets Ledger 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, Chapter 20)

RECONCILIATION OF SUBSIDIARY LEDGERS

The Auditor's Tax Sale Redemption and Tax Sale Surplus subsidiary ledgers were not reconciled to the fund ledger. Posting errors were not discovered in a timely manner because reconcilements were not made between the subsidiary ledgers and the control account in the fund ledger.

At all times, the manual and 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, Chapter 14)

OVERDRAWN FUND BALANCES

The records presented for audit indicated the following funds were overdrawn in 2011:

Fund	Excess Amount Expended
Cumulative Capital Development	\$ 99,475
Payroll Withholdings	13,743
Settlement - Old	4,252
Tax Sale Redemption	205,549
TSF Drug Free Coalition	9,292
Juvenile Intensive Supervision	241
2008 Citizens Corps Program	614
Community Corrections Juvenile	2,250
Homeland Security Computer Grant	7

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, Chapter 14)

COUNTY AUDITOR
SHELBY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Rainy Day	2011	\$ 1,106,906
General	2011	762,795
2006 Reassessment	2011	163,498
Cumulative Courthouse	2011	6,113
Local Road and Street	2011	30,281
Health	2011	65,295
Cumulative Capital Development	2011	55,291

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."

Indiana Code 5-11-10-1.6(d) states:

"The fiscal officer of a governmental entity shall issue checks or warrants for claims by the governmental entity that meet all of the requirements of this section. The fiscal officer does not incur personal liability for disbursements:

- (1) processed in accordance with this section; and
- (2) for which funds are appropriated and available."

INTERNAL CONTROLS OVER PAYROLL WITHHOLDING FUND

As reported in the previous two audit reports of the County, the detail of payroll withholdings reconciles to the payroll withholding control balance as of December 31, 2011. However, the individual withholding funds are not being reconciled. At December 31, 2011, the account balances of the Due To Insurance, Due to Public Employees Retirement (PERF), Due to Federal Withholding, and Due to Deferred Compensation, Due to Employee and Due to Legal Services had insufficient balances of \$34,839.03, \$11,240.12, \$2,703.95, \$2,269.29, \$66.96 and \$176.18, respectively to make the required remittances due in January 2012.

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, Chapter 14)

COUNTY AUDITOR
SHELBY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2012, with Amy L. Glackman, Auditor; Tom K. Debaun, President of the County Council; and Tony Newton, President of the Board of County Commissioners. The officials concurred with our audit findings.