

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FOUNTAIN COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
04/17/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Brenda Hardy	01-01-13 to 12-31-20
County Treasurer	Colleen Chambers	01-01-13 to 12-31-20
Clerk of the Circuit Court	Patty Smith Jessica Woodrow Paula K. Copenhaver	01-01-11 to 12-31-14 01-01-15 to 05-29-16 05-30-16 to 12-31-18
County Sheriff	William D. Sanders	01-01-11 to 12-31-18
County Recorder	Wanda Taylor	01-01-11 to 12-31-18
President of the Board of County Commissioners	Terry Ellingwood Craig Stalter Don Hesler Craig Stalter	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-18
President of the County Council	Richard Klage Dudley Cruea	01-01-14 to 12-31-14 01-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF FOUNTAIN COUNTY, INDIANA

This report is supplemental to our audit report of Fountain County (County), for the period from January 1, 2014 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Audit Report of the County, which provides our opinions on the County's financial statements. This report may be found at www.in.gov/sboa.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Result and Comment, incorporated within this report, was not verified for accuracy.

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

March 21, 2018

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COUNTY AUDITOR
FOUNTAIN COUNTY

COUNTY AUDITOR
FOUNTAIN COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statements contained some funds with deficits in cash:

- In 2014, a donation to the K-9 Project fund was erroneously sent to the State of Indiana (State) (State Dog Fund). This resulted in a negative cash balance of \$269 in the K-9 Project fund at December 31, 2014. The State reimbursed this money to the County in 2015.
- The 2013 taxes payable in 2014 were incorrectly distributed to local governmental units. Some units were overpaid, which resulted in a negative cash balance of \$21,620 in the Settlement fund at December 31, 2014. The Department of Local Government Finance instructed the County to adjust subsequent distributions to return the fund to the correct fund balance at December 31, 2015.
- Insurance premiums were paid to insurance providers in advance of the employee withholdings. The Principal fund and the Vision Insurance fund had negative balances of \$293 and \$185, respectively, at December 31, 2017.

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 unit. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

ANNUAL FINANCIAL REPORT

In 2017, the County Treasurer purchased a \$250,000 Certificate of Deposit with total monies on deposit (the County's cash balances), which should not have affected the cash balance in the County Auditor's ledger; however, the General Fund cash balance was reduced for this purchase. This investment amount was shown as an adjustment in the County Treasurer's Cash Book in order to reconcile, but was not reflected in the County Auditor's ledger balance or Annual Financial Report (AFR).

The County's departments with receipts that are not remitted to the County Auditor are required to report their transactions on a Supplemental County Annual Report (CAR-1) so they can be included in the County's AFR. The CAR-1s and related amounts reported by the County Auditor in the Indiana Gateway for Government Units financial reporting system (Gateway), which is used to generate the ARF and financial statements, contained the following errors:

- The County Treasurer's supplemental Receipts, Disbursements, and Cash and Investment Balances were omitted from the AFR in 2014, 2015, 2016, and 2017.
- The County Clerk reported Child Support with her other trust funds on the CAR-1s, but the Child Support portion was omitted from the Gateway information by the County Auditor in 2014, 2015, 2016, and 2017.

Adjustments were proposed and approved by the County.

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
FOUNTAIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2018, with Brenda Hardy, County Auditor; Colleen Chambers, County Treasurer; Craig Stalter, President of the Board of County Commissioners; Don Hesler, County Commissioner; James Hershberger, County Council member; Bill Glover, County Council member; and Teryl D. Martin, County Attorney.

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COUNTY TREASURER
FOUNTAIN COUNTY

COUNTY TREASURER
FOUNTAIN COUNTY
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT

The County Treasurer is required to report their supplemental Receipts, Disbursements, and Cash and Investment Balances to the County Auditor on a Supplemental County Annual Report (CAR-1) so that the information may be included in the County's Annual Financial Report.

The County Treasurer's Receipts, Disbursements, and Cash and Investment Balances were not accurately reported to the County Auditor for 2014, 2015, 2016, and 2017.

Audit adjustments were proposed and approved by the County.

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 TREASURER
FOUNTAIN COUNTY
EXIT CONFERENCE

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