

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

AUDIT REPORT

OF

COUNTY AUDITOR

JACKSON COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

11/30/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Maria L. McCrary	01-01-01 to 12-31-04
	Debra F. Eggeman	01-01-05 to 12-31-08
President of the County Council	David Lucas	01-01-04 to 12-31-04
	Edward W. Koerner	01-01-05 to 12-31-05
	Richard A. Brackemyre	01-01-06 to 12-31-06
President of the Board of County Commissioners	Gary Darlage	01-01-04 to 12-31-06



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, 2004 to December 31, 2005, 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 Audit Report of Jackson County for the years 2004 and 2005.

STATE BOARD OF ACCOUNTS

November 14, 2006

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The General Fund was overdrawn in 2004 and 2005 and the Self-Insurance Fund was overdrawn in 2005.

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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Emergency Response Services	2004	\$ 182,160
County Health	2004	9,283
County Health	2005	13,452

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."

ORDINANCES AND RESOLUTIONS

The County has an ordinance concerning the purpose of the Economic Development Income Tax (EDIT) Fund. There is also an interlocal agreement governing the use of the EDIT fund. However, the County did not comply with either the ordinance or the interlocal agreement by paying the courthouse renovation bond payments with EDIT funds.

The interlocal agreement dated January 5, 1998, states in part: A."3. To appropriate Jackson County's share of CEDIT revenue (plus revenue pledged from the Municipalities, as specified in paragraph B herein), for the purpose of financing construction costs and related expenses for a new County Jail and Juvenile Detention Center in the Town of Brownstown, and to refrain from using CEDIT revenue for any other purpose until the costs of constructing the new County Jail and Juvenile Detention Center are paid in full.

Indiana Code 6-3.5-7-15(a) concerning Economic Development Income Tax Funds capital projects plan states in part:

"The executive of a county, city, or town may . . . (1) adopt a capital improvement plan specifying the uses of the revenues to be received under this chapter; or (2) designate the county or a city or town in the county as the recipient of all or a part of its share of the distribution."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

PAYROLL DEDUCTIONS

During the review of payroll withholdings, it was noted that certain errors caused the Social Security and Medicare taxes to be improperly withheld from the portion of the Sheriff's pay that is associated with meals to inmates. These errors occurred during the years 2002, 2003, and 2004, and resulted in improper amounts being remitted to the Internal Revenue Service. The Auditor's office and the Sheriff are currently working with a representative of the Internal Revenue Service to resolve this issue.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COMPENSATION AND BENEFITS

County Nurses were placed on a salary matrix beginning in 2005. The Jail Nurse was incorrectly started at a step higher than what she was entitled to receive. As a result of this oversight, the Jail Nurse was overpaid \$1,118 for 2005 and \$151.20 for 2006 for a total of \$1,269.20, until it was corrected in March of 2006. The Jail Nurse has entered into an agreement with the County to repay the overpayments through payroll deductions.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

EXCESSIVE OR UNREASONABLE COSTS

The County paid \$204.75 in 2004 and \$170.75 in 2005 for a personal license plate on a county owned vehicle during the audit period.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The County did not comply with directives of the Internal Revenue Service by not assessing income to the Ambulance Director for a County take home vehicle.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR
JACKSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

PERSONAL PROPERTY USE

The Ambulance Director uses a County owned vehicle during normal work hours and has access to this vehicle outside of normal work hours. A log was not presented for audit.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

PERSONAL EXPENSES

The Director of EMS was reimbursed for passenger license plate expenses on his County owned vehicle on February 3, 2004, and February 1, 2005. No reimbursement was requested during 2006.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

CAPITAL ASSETS

Information presented for audit did not indicate an inventory or record of capital assets using Form 146.

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 applicable Capital Asset Ledger. 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 14)

COUNTY AUDITOR
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2006, with Debra F. Eggeman, Auditor; Richard A. Brackemyre, President of the County Council; and Maria L. McCrary, former Auditor and current First Deputy Auditor. The officials concurred with our audit findings.