

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

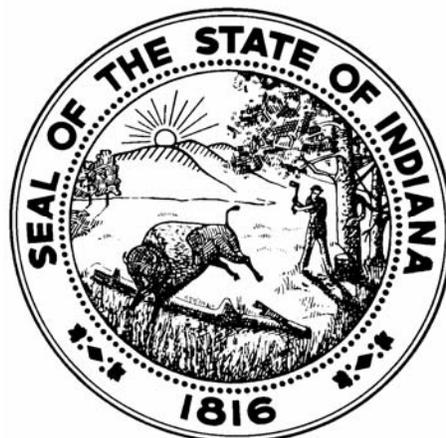
AUDIT REPORT

OF

COUNTY AUDITOR

GRANT COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED
09/28/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Overdrawn Cash Balances	4
Appropriations.....	4
Repayments.....	4
Surplus Tax – Reconciliation of Subsidiary Ledgers	5
Capital Assets	5
Penalties, Interest and Other Charges	5
Exit Conference.....	6
Official Response	7-12

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michael H. Burton	01-01-03 to 12-31-10
President of the County Council	Mike Scott	01-01-06 to 12-31-07
President of the Board of County Commissioners	Jeremy Diller Mark Bardsley	01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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TO: THE OFFICIALS OF GRANT COUNTY

We have audited the records of the County Auditor for the period from January 1, 2006 to December 31, 2006, 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 Grant County for the year 2006.

STATE BOARD OF ACCOUNTS

August 22, 2007

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at December 31, 2006:

<u>Fund</u>	<u>Amount</u>
Drug Court Grant	\$ 44,440
Juvenile Community Corrections	1,088
J.E.A.N. Team Grant	7,171
Medical Health Insurance	464,200

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, Chapter 14)

APPROPRIATIONS

The records presented for audit indicated the following funds' expenditures exceeded the budgeted appropriations for the year 2006:

<u>Fund</u>	<u>Amount</u>
Debt Service	\$ 27,768
Local Road and Street	40,001
Cumulative Capital Development	349

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."

REPAYMENTS

A payment of \$49,492 was paid on July 22, 2004, from the Drainage Maintenance Fund for a debt payment which was an obligation of the General Drain Improvement Fund. On May 25, 2005, a payment of \$66,000 was made from the Drainage Maintenance Fund for a debt payment which was an obligation of the General Drain Improvement Fund. The Drainage Maintenance Fund has not been reimbursed for either of these payments. A similar comment appeared in prior Report B27990.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR
GRANT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

SURPLUS TAX - RECONCILIATION OF SUBSIDIARY LEDGERS

Reconcilements were not made between the Surplus Tax Fund Ledger (subsidiary ledgers) and Surplus Tax Fund (control account) at December 31, 2006. The Surplus Tax Fund Ledger lists in detail by taxing district each item of surplus tax collected, the total of which shall be receipted into the Surplus Tax Fund. A similar comment appeared in prior Report B27990.

At all times, the manual and/or 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)

CAPITAL ASSETS

The County did not maintain a current inventory or record of capital assets using the Capital Asset Ledger. A similar comment appeared in prior Report B27990.

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)

PENALTIES, INTEREST AND OTHER CHARGES

Interest and late fees paid on outstanding balances for postage totaled \$2,708 in 2006. The interest rate charged on the unpaid balance was 21%. A similar comment appeared in prior Report B27990.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR
GRANT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2007 with Michael H. Burton, Auditor. The official response has been made a part of this report and may be found on pages 7 through 12.



Grant County

progress IN motion

August 24, 2007

Mr. Jeff Paul
State Board of Accounts
5716 West 100 South
Huntington, IN 46750

Grant County Auditor

Mike Burton
Auditor

Tammy Miller
Chief Deputy

Angela Lewis
Chief Deputy Assistant

Dear Jeff:

Attached you will find my responses to the 2006 Audit of Grant County. Feel free to contact me should you have any questions or comments.

Sincerely,


Mike Burton
Grant County Auditor

Enclosure

MHB/pp

401 S. Adams Street
Marion, IN 46953

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GRANT COUNTY AUDITOR
MICHAEL H. BURTON
2006 AUDIT RESPONSE
AUGUST 24, 2007

OVERDRAWN CASH BALANCES

The Drug Court Grant, Juvenile Community Corrections and the J. E. A. N. Grants are reimbursement Grants. Under terms of the grant agreements the funds must be spent and then the respective fund is reimbursed. With this requirement these funds will appear as if they are overdrawn when in fact the reimbursement will leave the fund with a positive balance.

In reference to the Medical Health Insurance Fund the account was overdrawn primarily because the County was changing insurance carriers which required that all claims due in 2006 be paid in 2006.

The Auditor's Office will very closely monitor this fund in the future making sure it is not overdrawn.

APPROPRIATIONS

The Auditor's Office is very diligent in complying with IC 6-1.1-18-4 that states appropriated funds should not exceed its budget.

In reviewing the audit report for 2006 the Auditor's financial records do not indicate that the Local Road and Street appropriations were exceeded. (See attached Budget Worksheet).

The Debt Service Fund and the Cumulative Capital Development Fund did exceed the budgeted appropriations. (See attached Budget Worksheets).

In the case of the Debt Service Fund being exceeded by \$27,768. This occurred because when the Juvenile Debt Bond was issued it was believed that all costs would be included in the total bond. The entire fee charged by the company doing the bond work was not included therefore, caused the appropriation to be exceeded by the \$27,768.

The Auditor's office will advise the Commissioner's Office of this matter and in the future to make sure that their appropriations are not exceeded.

REPAYMENTS

The Auditor's Office is working very closely with the Drainage Board to make the debt payment for the total amount. In reality this may take several years to remedy. This obligation will be taken care of as soon as possible.

SURPLUS TAX-RECONCILIATION OF SUBSIDIARY LEDGERS

The Surplus Tax Fund Ledger proved to be very difficult to process because Grant County was behind in Tax Statements following the Court Ordered reassessment for 2002 Pay 2003.

During this time the Grant County Treasurer requested that taxpayers pay an estimated tax based on the prior year. This resulted in a very, very large surplus. This proved to be very difficult to handle which resulted in unbalanced Surplus Tax Ledgers.

To avoid this problem in the future new procedures have been established. The Auditor's Office is confident that the new procedure will prevent this problem from occurring in the future.

CAPTIAL ASSETS

The Capital Assets for Grant County have not been maintained since 1999 or earlier. The Auditor's Office is now getting very close to maintaining an inventory of fixed assets and will then be updating it every year. I expect to be current by the end of 2007.

PENALTIES, INTEREST AND OTHER CHARGES

The interest and late fees for the most part were because of a situation involving the leased postage meter. This situation has now been resolved. There were also late fees because claims were being turn in after the due date to the Auditor's Office. The Auditor's Office believes this issue has also been resolved.

Budget Worksheet

GRANT COUNTY
Period Ending Date: December 31, 2006

August 23, 2007
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Fund 0706 216 LOCAL ROAD & STREET
Department 524 STREET

Account	2006 Appropriated Budget	2006 Budget Balance
Fund 0706 216 LOCAL ROAD & STREET		
Expenses		
524-4000.05 PAVING PROJECT	550,000.00	27,138.69
524-4000.50 500 EAST PROJECT	150,000.00	150,000.00
524-5000.01 OTHER DISBURSEMENTS	150,000.00	82,860.00
532-4000.18 600 EAST PROJECT	0.00	0.00
Expenses Total	850,000.00	259,998.69
Expenses Fund Total	850,000.00	259,998.69
Net (Rev/Exp)	850,000.00	259,998.69
886,055.03 +	YTD Revenues	YTD Expenses
	689,544.95 -	890,001.31 =
		685,598.67
Grand Total for Expenses	850,000.00	259,998.69
Grand Total Net Rev/Exp	850,000.00	259,998.69

Budget Worksheet

GRANT COUNTY
Period Ending Date: December 31, 2006

August 23, 2007
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Fund 0180 421 COUNTY DEBT SERVICE
Department 470 DEBT SERVICES

Account	2006 Appropriated Budget	2006 Budget Balance	YTD Revenues	YTD Expenses	Current Fund Balance
Fund 0180 421 COUNTY DEBT SERVICE					
Expenses					
470-3000.12 COMPLEX BUILDING BOND	0.00	-300.00			
470-3000.13 DETENTION BUILDING BOND	931,630.00	300.00			
470-3000.14 JUVENILE DETENTION DEBT	0.00	-1,312,767.62			
470-5000.01 UNAPPROPRIATED	0.00	0.00			
Expenses Total	931,630.00	-1,312,767.62			
Expenses Fund Total	931,630.00	-1,312,767.62			
Net (Rev/Exp)	931,630.00	-1,312,767.62			
	931,630.00		1,133,879.97	2,244,397.62	619,743.10
			1,730,260.75	+	
Grand Total for Expenses	931,630.00	-1,312,767.62			
Grand Total Net Rev/Exp	931,630.00	-1,312,767.62			

\$ 27,767.62

added on juvenile bond

Budget Worksheet

GRANT COUNTY
Period Ending Date: December 31, 2006

August 23, 2007
2:14 PM

Fund 2391 511 CO CUM CAPITAL DEVELOP
Department 410 GENERAL GOVERNMENT

Account	2006 Appropriated Budget	2006 Budget Balance
Fund 2391 511 CO CUM CAPITAL DEVELOP		
Expenses		
410-3000.11 CONTRACTUAL SERVICES	0.00	0.00
410-3000.14 PAVING	0.00	0.00
410-4000.41 EQUIPMENT	0.00	-349.52
410-4000.63 COPIER LEASE	0.00	0.00
410-4000.64 VOICE MAIL CONTRACT	0.00	0.00
410-4000.65 REMODELING & REPAIR	0.00	0.00
410-4000.66 COURTHOUSE REPAIRS	0.00	0.00
410-4000.67 COMPLEX/ENERGY MGMT LEASE	0.00	0.00
410-4000.68 DET CTR/ENERGY MGMT LEASE	333,313.00	0.50
410-4000.69 AMBULANCE LEASE	0.00	0.00
Expenses Total	333,313.00	-349.02
Expenses Fund Total	333,313.00	-349.02
Net (Rev/Exp)	333,313.00	-349.02
	YTD Revenues	YTD Expenses
	543,688.22 +	743,662.02 =
	519,294.24 -	319,320.44
Grand Total for Expenses	333,313.00	-349.02
Grand Total Net Rev/Exp	333,313.00	-349.02