

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

AUDIT REPORT

OF

COUNTY AUDITOR

JOHNSON COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED

11/24/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Overdrawn Fund Balances	4
Condition of Records – Drainage Fund	4
Capital Asset Records	5
Negative Employee Leave Balances	5
Service and Time Records	5
Record of Hours Worked	5
Contract	6
Exit Conference	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Janice D. Richhart	01-01-07 to 12-31-10
President of the County Council	John L. Price Josh McCarty	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of County Commissioners	R.J. McConnell Mitchael Ripley Thomas Kite	01-01-07 to 05-20-07 05-21-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF JOHNSON COUNTY

We have audited the records of the County Auditor for the period from January 1, 2007 to December 31, 2007, 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 Johnson County for the year 2007.

STATE BOARD OF ACCOUNTS

August 27, 2008

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The following funds had overdrawn fund balances as of December 31, 2007. A similar comment was cited in prior Report B31635.

Stop Grant 2007-2008	\$ 17,385
Operation Pullover	7,615
Victim Assistance FY 2007-2008	13,187
Juvenile Accountability Incentive	
Block Grant 2006-2007	6,111
State Homeland Security	1,924
Guardian Ad Litem/Court	1,560
Plat Book	1,144
Parks Sales Tax	18

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 of Indiana, Chapter 14)

CONDITION OF RECORDS – DRAINAGE FUND

The following deficiencies relating to the recordkeeping were present during our period of audit. A similar comment was cited in prior Reports B29908 and B31635.

- (1) At December 31, 2007, the County Auditor reported a balance of \$31,356.63 for the General Drain Improvement Fund. The General Drain Improvement control ledger reported a December 31, 2007, balance of \$5,529.57. The variance at year end between the County Auditor's balance and the control ledger balance was \$25,827.06. At December 31, 2007, the County Auditor reported a balance of \$673,691.95 in the Drainage Maintenance Fund. The Drainage Maintenance Fund control ledger reported a balance of \$656,879.91. The variance at year end between the County Auditor's balance on the control ledger was \$16,812.04.
- (2) The subsidiary ledger balances in the General Drain Improvement Fund and the Drainage Maintenance Fund were not in agreement with the control ledger balances. At December 31, 2007, the General Drain Improvement subsidiary ledger reported a balance of -\$82,465.78. The General Drain Improvement control ledger reported a balance \$5,529.57 at December 31, 2007. The variance at year end between the control ledger balance and the subsidiary ledger balance was \$87,995.35. At December 31, 2007, the Drainage Maintenance subsidiary ledger reported a balance of \$640,535.54. The Drainage Maintenance Fund control ledger reported a balance of \$673,691.95. The variance at year end between the subsidiary ledger and the control ledger balance was \$33,156.41.

At the end of any accounting period, the cash balances in both the General Drain Improvement and Drainage Maintenance subsidiary ledgers must equal the cash balances on the control ledger. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 6)

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

As stated in prior Reports B29908 and B31635, information presented for audit did not indicate a complete inventory of capital assets. Capital asset records maintained by the County were incomplete and infrastructure asset values were not updated by the County for 2005, 2006, and 2007.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group 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 Counties, Chapter 7)

NEGATIVE EMPLOYEE LEAVE BALANCES

Payroll records indicate that employees are using sick leave time and being paid for that time prior to earning the time off. These employees were carrying negative sick leave balances. The Johnson County's Personnel Policy states that sick leave may be used when accrued.

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

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

SERVICE AND TIME RECORDS

Employee time, attendance, and service records were not maintained for all employees.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

RECORD OF HOURS WORKED

Several officials and employees were paid salaries from more than one public agency without maintaining adequate documentation as to what specific time periods were billed to each agency. County employees were instructed to enter 7.5 hours worked on their attendance reports and not the actual number of hours worked for the day.

Indiana Code 5-11-9 Section 2 states in part ". . . all accounts or vouchers of any political subdivision of the state for personal services . . . shall be made in such form as may be prescribed by the state board of accounts." Section 4(b) states in part: ". . . require that records be maintained showing which hours were worked each day by officers and employees . . . (1) covered by section 1 or 2 of this chapter . . ."

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CONTRACTS

Payments totaling \$36,900 were made to a vendor for assistance with trending and appraisals for property tax valuations in 2007. No contract or approval from the Department Local Government Finance was obtained prior to the services being performed.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 5)

Indiana Code 6-1.1-4-17(a) states: "Subject to the approval of the department of local government finance and the requirements of section 18.5 of this chapter, a county assessor may employ professional appraisers as technical advisors for assessments in all townships in the county. The department of local government finance may approve employment under this subsection only if the department is a party to the employment contract."

Indiana Code 6-1.1-4-18.5(a) states"

"A county assessor may not use the services of a professional appraiser for assessment or reassessment purposes without a written contract. The contract used must be either a standard contract developed by the department of local government finance or a contract that has been specifically approved by the department. The department shall ensure that the contract:

- (1) includes all of the provisions required under section 19.5(b) of this chapter; and
- (2) adequately provides for the creation and transmission of real property assessment data in the form required by the legislative services agency and the division of data analysis of the department."

COUNTY AUDITOR
JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2008, with Janice D. Richhart, Auditor; and Josh McCarty, President of the County Council. The officials concurred with our audit findings.