

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

AUDIT REPORT

OF

COUNTY AUDITOR

JOHNSON COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

12/31/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Janice D. Richhart	01-01-08 to 12-31-10
President of the County Council	Josh McCarty Charles Canary	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	Thomas Kite John L. Price	01-01-08 to 12-31-08 01-01-09 to 12-31-09



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, 2008 to December 31, 2008, 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 2008.

STATE BOARD OF ACCOUNTS

November 10, 2009

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Family and Children	2008	\$ 497,601
Jail Expansion Lease	2008	1,000
General Obligation Bonds of 2001	2008	400

IC 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."

OVERDRAWN FUND BALANCES

The following funds had overdrawn fund balances as of December 31, 2008. A similar comment was cited in prior Report B33334.

District 5 Fire Training	\$ 1,175
Johnson County Court and Alcohol Drug Program	531
General Obligation Bonds of 2001	25,193

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, which were cited in the prior three audit reports, were again present during our period of audit:

- (1) The control ledger balances in both the General Drain Improvement Fund and the Drainage Maintenance Fund Ledgers were not in agreement with fund balances as shown on the records of the County Auditor.
- (2) The total of subsidiary ledger cash balances in both the General Drain Improvement and the Drainage Maintenance fund ledgers were not in agreement with control ledger balances maintained for each fund.

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)

NEGATIVE EMPLOYEE LEAVE BALANCES

Several employees had negative leave balances. The Johnson County's Personnel Policy states that sick leave may be used when accrued, and accumulated vacation time may be taken after ninety days of service.

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)

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

CAPITAL ASSET RECORDS

As stated in prior Reports B31635 and B33334, 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, 2007, and 2008.

Every governmental unit should have a complete inventory of all fixed assets owned which reflects their acquisition value. Such inventory should be recorded on applicable General Fixed Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 7)

RECONCILIATION OF SUBSIDIARY LEDGERS - SURPLUS TAX

Posting errors were not discovered in a timely manner because reconcilements were not made between the surplus tax ledger and the auditor's funds ledger. There were some instances when the surplus tax refund to the taxpayer differed from the amount recorded in the surplus tax ledger. There is a difference of \$915.44 at December 31, 2008, between disbursements recorded in the surplus tax ledger and those recorded in the funds 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 of Indiana, Chapter 14)

COUNTY AUDITOR
JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2009, with Janice D. Richhart, Auditor; Troy A. DeHart, County Commissioner; and Charles Canary, President of the County Council. The officials concurred with our audit findings.