

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

AUDIT REPORT
OF
COUNTY HIGHWAY
KNOX COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
08/04/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Highway Superintendent	Jerry Hoffman	01-01-10 to 12-31-10
	Duane Vories	01-01-11 to 02-23-11
	Vacant	02-24-11 to 03-31-11
	Ron Cardinal	04-01-11 to 12-31-11
Bookkeeper	Cheri Stiles	01-01-10 to 12-31-11
President of the County Council	Timothy Ellerman	01-01-10 to 12-31-10
	Steve Thais	01-01-11 to 12-31-11
President of the Board of County Commissioners	James Parish	01-01-10 to 12-31-10
	Kevin Meyer	01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF KNOX COUNTY

We have audited the records of the County Highway for the period from January 1, 2010 to December 31, 2010, 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 Result(s) and Comment(s). The financial transactions of this office are reflected in the Annual Report of Knox County for the year 2010.

STATE BOARD OF ACCOUNTS

June 29, 2011

COUNTY HIGHWAY
KNOX COUNTY
AUDIT RESULT(S) AND COMMENT(S)

ANNUAL OPERATING REPORT

The County Highway Department did not file the annual operational report for local roads and streets (County Form No. 16) as required for the years ended 2009 and 2010. This report includes the financial statements for the county highway and physical inventory as of December 31.

Indiana Code 8-17-4.1-5 states: "The governing body shall prepare by April 15 of each year an operational report for the prior calendar year of the department within the county or municipality that has road and street responsibilities."

Indiana Code 8-17-4.1-6 states: "This report shall be prepared on forms prescribed by the state board of accounts and must disclose all information considered necessary by the state board of accounts to reflect the financial condition and operations of the department."

Indiana Code 8-17-4.1-7 states: "The annual operational report must be completed and a copy filed with the state board of accounts, the governing body, and the department by June 1 following the operational report year. The department shall make the report available to the public."

COUNTY PAY SCHEDULE

The County Council approved an ordinance on December 8, 2009, setting a pay schedule for 2010 with 24 pays. The County was to pay twice a month with the cutoff dates being the 9th and 25th of each month and pay dates being the 4th and 20th of each month. The County Highway continued to pay based on a bi-weekly pay schedule during 2010, which would total 26 pays for 2010. This caused the County Highway to have different ending dates than the approved pay schedule for 2010. However, the County Auditor did not pay the submitted payroll until the date of pay that was approved by the County Council. To catch up to the approved pay schedule, the highway pay period for the pay date of December 3, 2010 was from October 18, 2010 to November 25, 2010, which was 39 days.

The county auditor and county treasurer may pay salaries and wages to county officers and employees monthly, twice each month, every (2) weeks, or weekly. The manner of payment of salaries and wages must be authorized by the legislative body of a county having a consolidated city or by the executive of any other county. (IC 36-2-8-2). (The County Bulletin and Uniform Compliance Guidelines, Vol. 363, July 2008)

Salaries and wages of public officers may not be paid in advance. (IC 5-7-3-1).

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 Counties, Chapter 5)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

COUNTY HIGHWAY
KNOX COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 29, 2011, with Kevin Meyer, President of the Board of County Commissioners; Steve Thais, President of County Council; Sharon K. Duke, Auditor; Ron Cardinal, Highway Superintendent; and Michael Daugherty, Asst. Office Manager. The officials concurred with our audit findings.

The contents of this report were discussed on June 29, 2011, with Cheri Stiles, Bookkeeper.