

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

EXAMINATION REPORT
OF
COUNTY SHERIFF
SWITZERLAND COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
12/29/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Nathan Hughes	01-01-03 to 12-31-06
President of the County Council	Michael L. Jones	01-01-05 to 12-31-06
President of the Board of County Commissioners	Brian L. Morton H. Craig Bond	01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SWITZERLAND COUNTY

We have examined the records of the County Sheriff for the period from January 1, 2005 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 Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Switzerland County for the year 2005.

STATE BOARD OF ACCOUNTS

November 16, 2006

COUNTY SHERIFF
SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS

SHERIFF COMPENSATION

Our review of the Sheriff's compensation showed the following:

1. Beginning January 1, 2003, Nathan Hughes, Sheriff, collected a \$25 administrative fee authorized by Indiana Code 32-29-7-3. The fee is collected to defray costs incurred by the County attributable to conducting a Sheriff's sale in a proceeding for the foreclosure of a mortgage. Mr. Hughes retained this fee rather than depositing the fee to the County General Fund. The total amount of these fees retained by Mr. Hughes from January 1, 2003 through September 1, 2006, was \$2,975.

Mr. Hughes began depositing the administrative fees into the County General Fund after September 1, 2006.

2. A salary contract was entered into between the County Council and the Sheriff for the year 2006. The salary contract provided for the Sheriff to be paid salary compensation in accordance with Indiana Code 36-2-13-2.8 and to also retain the administrative fee charged for conducting a Sheriff's sale.

During 2006, County Council approved salary compensation for the Sheriff in the amount of \$34,913.

Indiana Code 36-2-13-2.8(c) states in part:

"A county that pays a sheriff's compensation under this section shall pay the sheriff as follows:

- (1) In a county having a population of not more than twenty thousand (20,000), the county must pay the sheriff an annual salary that is equal to at least fifty percent (50%) of the annual minimum salary that would be paid by the state to a full-time prosecuting attorney in the county. . . ."

Indiana Code 33-39-6-5(a) states: "The annual minimum salary paid by the state to a full-time prosecuting attorney described in section 6 of this chapter is equal to the minimum salary of the circuit court judge of the same judicial circuit as the prosecuting attorney."

Indiana Code 33-38-5-6(a) states: "The annual salary of each full-time judge of a circuit . . . court is one hundred ten thousand five hundred dollars (\$110,500) . . ."

Based on the above statutes, the Sheriff was eligible to receive \$55,250 salary compensation during 2006. However Mr. Hughes is not eligible to receive the administrative fees for conducting a Sheriff's sale even if provided for in a salary contract.

We recommended the County Council and the County Sheriff amend their compensation arrangement to comply with a compensation arrangement available in the statutes.

COUNTY SHERIFF
SWITZERLAND COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS

Some receipts were deposited up to 15 days after collection.

Indiana Code 5-13-6-1(c) states in part: "All local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

OPTICAL IMAGES OF WARRANTS

For the Sheriff's checking account, the Commissary checking account and the Inmate Trust checking account, the financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks, states in part:

"original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, Indiana code 26-2-8-111(a) and (e) states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a).

- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

COUNTY SHERIFF
SWITZERLAND COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2006, with Nathan Hughes, Sheriff. The official concurred with our findings.