

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

AUDIT REPORT  
OF  
COUNTY AUDITOR  
VERMILLION COUNTY, INDIANA  
January 1, 2011 to December 31, 2011



**FILED**  
09/17/2012



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Phyllis Orman	01-01-09 to 12-31-12
President of the County Council	Michael A. Carty	01-01-11 to 12-31-12
President of the Board of County Commissioners	Tim J. Wilson	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF VERMILLION COUNTY

We have audited the records of the County Auditor for the period from January 1, 2011 to December 31, 2011, 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 Vermillion County for the year 2011.

STATE BOARD OF ACCOUNTS

August 9, 2012

COUNTY AUDITOR  
VERMILLION COUNTY  
AUDIT RESULTS AND COMMENTS

**ADVANCE PAYMENTS**

Hourly employees receive paychecks for work performed through the end of the previous payroll period. Hourly workers do not receive compensation in advance. Salaried employees are paid in equal amounts on the regular bi-weekly pay dates throughout the year. Salaried workers receive their first pay and each subsequent pay before they have worked two weeks. Salaried workers receive compensation in advance. Most County workers are salaried so almost all of the staff is paid in advance.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

**PUBLIC WORKS CONTRACT IN EXCESS OF \$100,000**

A public works contract was awarded for the installation of a deceleration lane at the White Construction property for \$286,616.73. Retainage was not withheld from payments to the contractor and placed in an escrow account.

Indiana Code 36-1-12-14(b) states in part:

"A board that enters into a contract for public work, and a contractor who subcontracts parts of that contract, shall include in their respective contracts provisions for the retain age of portions of payments by the board to contractors, by contractors to subcontractors, and for the payment of subcontractors. At the discretion of the contractor, the retainage shall be held by the board or shall be placed in an escrow account with a bank, savings and loan institution, or the state as the escrow agent. The escrow agent shall be selected by mutual agreement between board and contractor or contractor and subcontractor under a written agreement among the bank or savings and loan institution and:

- (1) the board and the contractor; or
- (2) the subcontractor and the contractor. . . ."

**PUBLIC WORKS PROJECT IN EXCESS OF \$75,000**

The unit was not in compliance with the Public Purchase Law and Public Works Law. The County sought quotes for fencing at the jail but the project came in over \$75,000 which would require that it be let as a Public Works Project in compliance with Public Purchase Law and Public Works Law.

Indiana Code 36-1-12-4(a) states in part:

"This section applies whenever the cost of a public work project will be:

- (1) at least seventy-five thousand dollars (\$75,000) in:

COUNTY AUDITOR  
VERMILLION COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

(A) a consolidated city or second class city; or

(B) a county containing a consolidated city or second class city; or (c) a regional water or sewage district established under IC 13-26; or (2) at least fifty thousand dollars (\$50,000) in a political subdivision or an agency not described in subdivision (1)."

Indiana Code 36-1-12-4(b) states in part:

"The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. . . ."

***REPAYMENTS AND REFUNDS SALES TAX REDEMPTION FUND***

Tax sale redemption payments were not always properly disbursed to the appropriate individuals. Ten of fifty-four redemptions had errors in their calculations or payment was not made.

When real property is redeemed, a quietus shall be issued by the county auditor in favor of the person paying the money to the treasurer and the amount receipted into the "tax sale redemption" fund shall be held in trust for the purchaser. The county auditor shall issue a warrant to the purchaser or purchaser's assignee upon the surrendering of the certificate of sale, in an amount equal to the amount received by the treasurer for redemption. The county auditor shall endorse the certificate and preserve it as a public record. If a certificate of sale is lost and the county auditor is satisfied the certificate did exist, the county auditor may make payment to the purchaser or purchaser's assignee in the manner provided in IC 6-1.1-25-3. The name of the person who redeems the property, the date of redemption and the amount for which the property is redeemed shall also be entered in the Tax Sale Record (Form 137). (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 7)

***TAX SALE SURPLUS FUND TRANSFER***

The County was holding \$60,874.07 in Tax Sale Surplus, at December 31, 2011, which was held for more than three years.

Indiana Code 6-1.1-24-7(f) states: "An amount deposited in the tax sale surplus fund shall be transferred by the county auditor to the county general fund and may not be disbursed under subsection (b) if it is not claimed within the three (3) year period after the date of its receipt."

COUNTY AUDITOR  
VERMILLION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 9, 2012, with Phyllis Orman, Auditor; Rebecca A. Julian, Deputy Auditor; Amy L. Tolbert, Deputy Auditor; and Tim J. Wilson, President of the Board of County Commissioners. The officials concurred with our audit findings.