

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

EXAMINATION REPORT  
OF  
COUNTY HIGHWAY DEPARTMENT  
GREENE COUNTY, INDIANA  
January 1, 2011 to December 31, 2011



**FILED**  
10/24/2012



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Highway Superintendent	Brent A. Murray	01-01-11 to 12-31-12
President of the County Council	John Wilkes Edward Cullison	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	Steve Lindsey	01-01-11 to 12-31-12



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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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF GREENE COUNTY

We have examined the records of the County Highway Department 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Greene County for the year 2011.

STATE BOARD OF ACCOUNTS

September 12, 2012

COUNTY HIGHWAY DEPARTMENT  
GREENE COUNTY  
EXAMINATION RESULTS AND COMMENTS

***DONATIONS***

A review of the ledger revealed that donations were solicited from vendors for a Christmas party for the Highway Department in the amount of \$2,225. Neither the Commissioners nor the Council minutes indicate approval of the event or the acceptance of these donations. The related expenses for the Christmas party included: coffee pot, tools, gloves, and other miscellaneous items totaling \$142, debit cards totaling \$1,673 and gift cards totaling \$410. Various items were distributed to the employees.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser, as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 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 of Indiana, Chapter 1)

Indiana Code 36-2-7-2 states in part:

". . . the compensation fixed for county officers and employees under this title is in full for all governmental services and in lieu of all:

1. Fees;
2. Per diems;
3. Penalties;
4. Costs;
5. Interest;
6. Forfeitures;
7. Percentages;
8. Commissions;
9. Allowances;
10. Mileage; and
11. Other remuneration;

which shall be paid into the county general fund."

COUNTY HIGHWAY DEPARTMENT  
GREENE COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**SALE OF MATERIALS AND SUPPLIES**

During 2011, fuel and oil were purchased by the County using its sales tax exempt number but the fuel and oil were not entirely for use by the County, which is a requirement for the County to purchase using its tax exempt status. Fuel and oil in the amount of \$9,699 was resold to other governmental units within the County. The County and other governments did not enter into inter-local agreements, as required by Indiana Code 36-1-7. The sale of fuel and oil is not a governmental function of the Highway Department. Additionally, these receipts were posted as negative disbursements and were added back to the appropriations instead of being classified as miscellaneous receipts. Therefore, the County understated their receipts in the receipt ledger and understated the disbursements in the appropriation ledger. This action effectively booked the receipts as appropriated dollars without publication, County Council action, and approval of the Department of Local Government Finance which is necessary per Indiana Code 6-1.1-18.

45 IAC 2.2-5-25 states in part:

"(a) There is not a blanket exemption from the sales tax for purchases by governmental agencies and units. It provides that only the purchase of tangible personal property used by the governmental agency in connection with a governmental function may be purchased exempt from sales tax.

(b) Purchases by a governmental agency or subdivision to be used in connection with or for a proprietary activity are subject to the sales tax. . . ."

Indiana Code 36-1-7-2 states:

"(a) A power that may be exercised by an Indiana political subdivision and by one (1) or more other governmental entities may be exercised:

- (1) by one (1) or more entities on behalf of others; or
- (2) jointly by the entities.

Entities that want to do this must, by ordinance or resolution, enter into a written agreement under section 3 or 9 of this chapter.

(b) Notwithstanding subsection (a), Indiana governmental entities that want only to buy, sell, or exchange services, supplies, or equipment between or among themselves may enter into contracts to do this and follow section 12 of this chapter."

Indiana Code 6-1.1-18-5 states in part:

"(a) If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b).

(b) If the additional appropriation by the political subdivision is made from a fund that receives:

- (1) distributions from the motor vehicle highway account established under IC 8-14-1-1 or the local road and street account established under IC 8-14-2-4; or

COUNTY HIGHWAY DEPARTMENT  
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EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (2) revenue from property taxes levied under IC 6-1.1; the political subdivision must report the additional appropriation to the department of local government finance. If the additional appropriation is made from a fund described under this subsection, subsections (f), (g), (h), and (i) apply to the political subdivision.
- (c) However, if the additional appropriation is not made from a fund described under subsection (b), subsections (f), (g), (h), and (i) do not apply to the political subdivision. Subsections (f), (g), (h), and (i) do not apply to an additional appropriation made from the cumulative bridge fund if the appropriation meets the requirements under IC 8-16-3-3(c).
- (d) A political subdivision may make an additional appropriation without approval of the department of local government finance if the additional appropriation is made from a fund that is not described under subsection (b). However, the fiscal officer of the political subdivision shall report the additional appropriation to the department of local government finance.
- (e) After the public hearing, the proper officers of the political subdivision shall file a certified copy of their final proposal and any other relevant information to the department of local government finance. . . .
- (j) This subsection applies to an additional appropriation by a political subdivision that must have the political subdivision's annual appropriations and annual tax levy adopted by a city, town, or county fiscal body under IC 6-1.1-17-20 or by a legislative or fiscal body under IC 36-3-6-9. The fiscal or legislative body of the city, town, or county that adopted the political subdivision's annual appropriation and annual tax levy must adopt the additional appropriation by ordinance before the department of local government finance may approve the additional appropriation. . . ."

COUNTY HIGHWAY DEPARTMENT  
GREENE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2012, with Brent A. Murray, Highway Superintendent; Brooke N. French, Highway Bookkeeper; Steve Lindsey, President of the Board of County Commissioners; and Matthew Baker, County Auditor. The officials concurred with our audit findings.