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

EXAMINATION REPORT

OF

COUNTY AUDITOR

MARTIN COUNTY, INDIANA

January 1, 2013 to December 31, 2013

FILED

04/16/2015

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COUNTY OFFICIALS

Office	Official	Term
Auditor	January Roush	01-01-13 to 12-31-16
President of the County Council	Charles R. Summers	01-01-13 to 12-31-15
President of the Board of County Commissioners	Paul R. George	01-01-13 to 12-31-15

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MARTIN COUNTY

We have examined the records of the County Auditor for the period from January 1, 2013 to December 31, 2013, 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 Martin County for the year 2013.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

February 3, 2015

ACCOUNTING FOR LOIT PUBLIC SAFETY TAXES

The County accounted for LOIT public safety taxes received in Fund No. 6005, which is the LOIT public safety distribution fund on the Indiana State Board of Accounts prescribed chart of accounts. They distributed the taxes due to the City of Loogootee and the Town of Shoals, but did not distribute the County share to Fund No. 1170 LOIT Public Safety as per the prescribed chart of accounts. All County LOIT Public Safety fund expenditures were accounted for in the distribution fund instead of the LOIT Public Safety fund.

All counties must implement the use of the new chart of accounts by January 1, 2012. (County Bulletin, Vol. No. 376, Page 3)

Indiana Code 6-3.5-6-31(f) states in part: "Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes."

LEAVE AND OVERTIME POLICY

A compensatory leave/overtime policy was presented for examination; however, this policy was unclear as to when compensatory leave must be taken or as to the maximum of compensatory leave that may be earned by each individual. The lack of clarity on the policy leaves the County with numerous employees having excessively large compensatory balances and a potential liability of amounts owed to employees upon retirement.

The County was made aware of the Fair Labor Standards Act (FLSA) regulation that compensatory time balances can only be accrued to 240 hours. The Board of County Commissioners are going to address the issue early in 2015 and pass a new leave and overtime policy in accordance with FLSA regulations for compensatory time.

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

29 CFR 553.22 states:

> "(a) Compensatory time and compensatory time off are interchangeable terms under the FLSA. Compensatory time off is paid time off the job which is earned and accrued by an employee in lieu of immediate cash payment for employment in excess of the statutory hours for which overtime compensation is required by section 7 of the FLSA.
>
> (b) The Act requires that compensatory time under section 7(o) be earned at a rate not less than one and one-half hours for each hour of employment for which overtime compensation is required by section 7 of the FLSA. Thus, the 480-hour limit on accrued compensatory time represents not more than 320 hours of actual overtime worked, and the 240-hour limit represents not more than 160 hours of actual overtime worked.

(c) The 480- and 240-hour limits on accrued compensatory time only apply to overtime hours worked after April 15, 1986. Compensatory time which an employee has accrued prior to April 15, 1986, is not subject to the overtime requirements of the FLSA and need not be aggregated with compensatory time accrued after that date."

A similar comment appeared in the prior report.

COLLECTION OF AMOUNTS DUE

The amount of $12,036.18 was due to the governmental unit as of December 31, 2013. Delinquent property taxes were due from several County employees to create this amount due. The amount due for delinquent taxes from employees was $10,939.55 as of December 11, 2014. The County Auditor has not authorized the garnishment of wages in order to collect these delinquent property taxes.

Indiana Code 6-1.1-22-15 states:

"If the county treasurer finds that a person whose name is certified to him under section 14 of this chapter is delinquent in the payment of his taxes, he shall certify the name of that person and the amount of the delinquency to the official of the political subdivision or other governmental entity who is to make payment to the person. The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer."

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

A similar comment appears in prior reports.

RECONCILEMENT OF EXCISE TAX BETWEEN COUNTY AUDITOR AND COUNTY TREASURER

The excise tax reported on the County Treasurer's Cash Book as of December 31, 2013, was $5,311.34 more than the amount reported on the County Auditor's Record of Annual License Excise Tax, County Form No. 24F. After further investigation, it was noted that part of the difference was due to homestead credit due from LOIT fund and surplus tax were distributed from the excise tax fund and additional homestead credits from property taxes were incorrectly posted to the excise tax fund at fall settlement. After these posting mistakes are corrected, the balance reported as of December 31, 2013, on the County Treasurer's Cash Book will be $690.76 short of what is reported on the County Auditor's Record of Annual License Excise Tax.

The County Auditor and County Treasurer did not reconcile their excise tax ledgers at the time of each semiannual tax settlement. The County Auditor's and County Treasurer's excise tax reconciliation worksheet filed with the Auditor of State's Office was incorrect. The amount reported as excise tax received and certified after the County Auditor's cut-off date does not agree with the County Treasurer's Cash Book.

County Form No. 24F, County Auditor's Record of Annual License Excise Tax, has been designed to account for the amounts received, the amounts distributed at each semiannual tax settlement and the balance of license excise tax on hand.

At the time of each semiannual tax settlement the county treasurer shall report such tax collections, together with the auto rental excise tax and aircraft license excise tax collections discussed in this section, on County Form No. 49TC, County Treasurer's Certificate of Tax Collections, and the total shown by the auditor's records shall be verified with the treasurer's certificate before distribution is made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 9)

COUNTY AUDITOR
MARTIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2015, with Paul R. George, President of the Board of County Commissioners; Charles R. Summers, President of the County Council; and January Roush, County Auditor.