

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

EXAMINATION REPORT
OF
COUNTY AUDITOR
WASHINGTON COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
10/17/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Personal Use of County Owned Vehicles and Cell Phones	4
Overdrawn Fund Balances	4
Official Bonds.....	5-6
Exit Conference.....	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sarah Bachman	01-01-07 to 12-31-14
President of the County Council	James Day Mark Manship	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Board of County Commissioners	John Mishler John D. Fultz	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WASHINGTON COUNTY

We have examined the records of the County Auditor 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 Examination Results and Comments. The financial transactions of this office are reflected in the Financial Statement Examination Report of Washington County for the year 2010.

STATE BOARD OF ACCOUNTS

September 15, 2011

COUNTY AUDITOR
WASHINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS

PERSONAL USE OF COUNTY OWNED VEHICLES AND CELL PHONES

County owned vehicles were furnished to some employees to be used for County business and to drive to and from work. The vehicles used were not considered "qualified non-personal use vehicles" as defined by the Internal Revenue Service. The use of the vehicles to commute to and from work is considered personal use and is a taxable fringe benefit. No records were maintained by any of the employees of the personal mileage driven and the taxable fringe benefit was not reported on their W-2's.

County owned cell phones were furnished to some employees and other employees were paid a set amount of their personal cell phone bill for using their cell phone for business purposes. The County does not have a written policy concerning the personal use of the County owned cell phones and the records are not maintained that distinguishes between business use and personal use. Personal use of County owned cell phones is considered a taxable fringe benefit and is to be reported on the employee's W-2's.

We recommend that the Auditor contact the IRS for information on the appropriate recordkeeping and reporting of these events.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OVERDRAWN FUND BALANCES

The following funds were overdrawn on December 31, 2010:

Fund	Amount
Adult Protective Services (APSU)	\$ 13,394
Park Non-Reverting Fund (Concessions)	121,716
Parks And Recreation	55,678
Cumulative Bridge	15,775

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
WASHINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OFFICIAL BONDS

The following officials were not bonded correctly:

<u>Official</u>	<u>Bond Amount</u>	<u>Bond Required</u>
Auditor	\$ 15,000	\$ 30,000
Coroner	-	15,000
Surveyor	8,500	15,000
Sheriff	20,000	30,000
Assessor	8,500	15,000
Recorder	8,500	15,000

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).

COUNTY AUDITOR
WASHINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

COUNTY AUDITOR
WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2011, with Sarah Bachman, Auditor; John D. Fultz, President of the Board of County Commissioners; and Merwyn Fisher, Vice-President of the County Council. The officials concurred with our audit findings.