

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

COUNTY AUDITOR

MADISON COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

08/24/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Kathy Stoops-Wright	01-01-05 to 12-31-08
President of the County Council	Daniel Dykes Scott Tischler	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	John Richwine	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MADISON COUNTY

We have audited the records of the County Auditor 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 Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Madison County for the year 2005.

STATE BOARD OF ACCOUNTS

June 26, 2006

COUNTY AUDITOR
MADISON COUNTY
AUDIT RESULTS AND COMMENTS

ASSESSMENT RECEIPT TRAIL

As stated in prior Audit Reports B24233 and B26073, the ditch duplicate did not identify payments in sufficient detail. The current electronic format of the ditch duplicate does not contain the same information as the prescribed form it replaced. The date and receipt are not shown on the current ditch duplicate. The ditch duplicate also does not have a record of the additions of delinquent charges.

Indiana Code 36-9-27-85 requires the county auditor to extend assessments for construction and reconstruction upon a book to be known as the ditch duplicate. This form has been designed to make its use applicable to assessments for construction and reconstruction and annual assessments for maintenance. It is recommended that the book or books comprising the Ditch Duplicate be divided into two sections, one section for assessments for construction and reconstruction and another section for annual assessments for maintenance.

This record is to be prepared, in all instances, by the county auditor, pursuant to certifications of the County Drainage Board, and placed in the hands of the County Treasurer for collection of the assessments in the same manner as taxes are collected. (Accounting and Uniform Compliance Guidelines Manual for Drainage Funds, Chapter 4)

CAPITAL ASSETS

We were unable to physically observe 16% of the capital assets selected for testing from the County's capital asset listing. Per inquiry of County personnel we discovered the items we were attempting to verify had most likely been disposed of at an earlier date, but the capital asset listing had not been updated to record the disposal. No documentation was presented for audit to determine whether the assets in question had been sold, traded in, scrapped, lost, or stolen, etc. The capitalized amounts of the items we were unable to verify ranged from \$5,500 to \$9,500. Additionally, we discovered that one of the assets recorded on the listing was overvalued by \$168,750.

Finally, there were several departments that did not turn in their 2005 capital asset update activity to the Auditor as per the County policy.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

CITY AND TOWN COURT COST FUND

As stated in several prior audit reports, city and town court costs collected by the Clerk of the Circuit Court were not distributed by the Auditor to all qualified cities and towns in the County.

Indiana Code 33-37-7-6(a) states in part: "The qualified municipality share to be distributed to each city and town maintaining a law enforcement agency that prosecutes at least fifty percent (50%) of the city's or town's ordinance violations in a circuit, superior, or county court located in the county is three percent (3%) of the amount of fees collected. . . ."

COUNTY AUDITOR
MADISON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 33-37-7-6(b) states in part: "The county auditor shall determine the amount to be distributed to each city and town qualified under subsection (a) as follows: STEP ONE: Determine the population of the qualified city or town. STEP TWO: Add the populations of all qualified cities and towns determined under STEP ONE. STEP THREE: Divide the population of each qualified city and town by the sum determined under STEP TWO. STEP FOUR: Multiply the result determined under STEP THREE for each qualified city and town by the amount of the qualified municipality share."

Indiana Code 33-37-7-6(c) states in part: "The county auditor shall distribute semiannually to each city and town described in subsection (a) the amount computed for that city or town under STEP FOUR of subsection (b)."

EXEMPTIONS

As stated in several prior audit reports, some of the forms required for property tax exemptions or deductions were not presented for audit. Because not all of the required forms could be located, we were unable to verify the exemptions for 14% of the items tested.

The duties and responsibilities of the county auditor, with the respect to the assessment of property, the allowance of deductions and exemptions, the levy and collection of taxes, and the settlement and distribution of taxes collected, places the auditor's office in the position of being the most important office in administering the tax laws on the local level. Among these duties and responsibilities are the following:

Maintain records to properly control and account for all real estate and personal property assessments and, most important, to see that such assessments, when filed by assessing officials, are not reduced or otherwise changed unless applicable statutory procedures are observed.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 9)

PENALTIES, INTEREST AND OTHER CHARGES

During 2005, several capital and operating leases were not paid timely. This resulted in late charges incurred and paid totaling \$3,312.89. Late charges were incurred and paid for the 2000 Data Network lease in the amount of \$228.76, the 2001 Enhanced 911 System lease in the amount of \$1,006.69 and the Court Video Equipment lease in the amount of \$382.07. Also, the operating lease for the Unified Court Computers paid late charges of \$1,695.37.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
MADISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2006, with Kathy Stoops-Wright, Auditor; and Patricia Mauck, First Deputy Auditor. The officials concurred with our audit findings.