

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

AUDIT REPORT

OF

COUNTY TREASURER

CASS COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

09/29/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shelia K. Thompson	01-01-05 to 12-31-08
President of the County Council	Stephen D. Sims Chod H. Gibson	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Richard L. Rusk Richard Eller	01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF CASS COUNTY

We have audited the records of the County Treasurer 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 Cass County for the year 2005.

STATE BOARD OF ACCOUNTS

August 29, 2006

COUNTY TREASURER
CASS COUNTY
AUDIT RESULTS AND COMMENTS

AMOUNTS CERTIFIED TO CLERK NOT POSTED

On August 30, the Treasurer certified delinquent property taxes to the Clerk of the Circuit Court as provided in Indiana Code 6-1.1-23-9. The Treasurer did not remove the certified amounts from the tax duplicate.

Indiana Code 6-1.1-23-9(d) states: "On the date the county treasurer files the record in the office of the clerk of the circuit court, the county treasurer shall make an entry on the tax duplicate in a column headed "Certified to Clerk of Circuit Court."

SURPLUS TAX

The Treasurer used an unapproved form to replace Form 65STF to report surplus tax received to the County Auditor. The duplicate schedule of surplus tax required by Indiana Code 6-1.1-26-6(b) that was prepared for the 2005 fall settlement showed entries with negative amounts including an unidentified negative amount of \$3,196. The surplus tax has not been properly accounted for since 2001.

At the request of some taxpayers, the Treasurer retained surplus amounts to be applied to the next year's taxes. In two instances where amounts were so applied, additional amounts were refunded to the taxpayers as surplus. As a result, the total applied and refunded for those parcels exceeded the amount of surplus tax received.

Indiana Code 6-1.1-26-6(a) states: "Notwithstanding the other provisions of this chapter, each county treasurer shall place the portion of a tax or special assessment payment which exceeds the amount actually due, as shown by the tax duplicate or special assessment records, in a special fund to be known as the "surplus tax fund". Amounts placed in the fund shall first be applied to the taxpayer's delinquent taxes in the manner provided in IC 6-1.1-23-5(b). The taxpayer may then file a verified claim for money remaining in the surplus tax fund. The county treasurer or county auditor shall require reasonable proof of payment by the person making the claim. If the claim is approved by the county auditor and the county treasurer, the county auditor shall issue a warrant to the taxpayer for the amount due the taxpayer."

Indiana Code 6-1.1-26-6(b) states: "Not less frequently than at the time of each semiannual settlement, the county treasurer shall prepare duplicate schedules of all excess payments received. The schedules shall contain the name on the tax duplicate, the amount of excess paid, and the taxing district. The county treasurer shall deliver one (1) copy of the schedule to the county auditor. Within fifteen (15) days after receiving the schedule, the county auditor shall review the schedule, and if the county auditor concurs with the schedule, the county auditor shall notify the county treasurer that the notice required under subsection (d) may be sent. The county auditor shall preserve the schedule, and if a refund is subsequently made, he shall note on the schedule and notify the county treasurer of the date and amount of the refund. In addition, when money is transferred from the surplus tax fund to the county general fund under subsection (c), the county auditor shall note the date and amount of the transfer on the schedule."

COUNTY TREASURER
CASS COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use, County Form 9 (Tax Duplicate), Form 18TJ (Personal Property Tax Judgment Receipt), Form 24B (Fund Ledger and Ledger of Receipts), Form 16 (Warrant and Warrant Register), Form 61 (Monthly Financial Statement), Form 20-21 (Combination Quietus and Application to Pay), Form 65 (Register of Taxes Collected), and others. Unapproved forms generated by the County's accounting and property tax software were used to replace some of these forms. These unapproved forms did not always provide all of the information required on the prescribed forms.

County Form 47 (Treasurer's Daily Balance of Cash and Depositories) was not used in the manner prescribed. The excess tax collections and the drainage maintenance collections were not recorded separately from the property tax collections as required. The unapproved form used to replace the Register of Taxes Collected also does not separate the types of collections as required. As a result, property taxes, drainage maintenance collections, and the excess tax at settlement cannot be reconciled to the Treasurer's Daily Balance of Cash and Depositories.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 10)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 10)

COUNTY TREASURER
CASS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2006, with Shelia Thompson, Treasurer; Richard L. Rusk, County Commissioner; Steven Kain, County Commissioner; and Thomas Kepler, County Councilman. The official response has been made a part of this report and may be found on pages 7 through 10.



Shelia K. Thompson

TREASURER CASS COUNTY

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E-mail: treasurer@casscountygov.org

August 30, 2006

“OFFICIAL RESPONSE”

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, Indiana 46204-2765

Dear Board:

The following is my response to the comments discussed in my exit interview for the audit of the Cass County Treasurer's office for 2005.

AMOUNTS CERTIFIED TO CLERK NOT POSTED:

The examiner that conducted this audit is correct. The certified to clerk amounts for the personal and mobile home property were not removed from the property tax system. Our vendor is Low Associates and the portion of our program pertaining to demands was not completed and thus we were unable, or did not have instructions to complete this task. Shawn Low and Don Barker were aware of this problem and came in January to help solve this problem. Their conclusion was that last year and this year's demands would have to be removed at the same time. This task will be accomplished Wednesday, September 6, 2006.

SURPLUS TAX:

The surplus tax area has been an ongoing problem. We are working diligently to rectify this area. And our intentions are to have solved this area before the next audit. We recognize the areas of concern and feel that the process has begun to be resolved during this current year and will show up on the 2006 audit.

PRESCRIBED FORMS:

Copies of the printed forms from the Low Property Tax and Low Financial System are being compiled and will be mailed September 5, 2006, to the State Board of Accounts. Some of the forms mentioned in this audit have been approved. It was suggested by our examiner that we compile all the necessary forms and present them for approval at one time. These forms are already being used in 11 other counties, two being Hendricks and Fulton counties.

Comments regarding the County Form 47 are the same as the 2004 audit. This issue has been presented to Low Associates a number of times for resolution. It is our understanding that we are the only county that uses Low Associates that has received this criticism. A copy of this area of the audit will be shared with Low Associates again.

It is my opinion that this office has made great strides for the circumstances, beyond our control, that we have faced.

Sincerely,

A handwritten signature in cursive script that reads "Shelia K. Thompson".

Shelia K. Thompson
Cass County Treasurer

Enclosure

PRELIMINARY DISCUSSION DRAFT

SW AUG 29 2006

COUNTY TREASURER
CASS COUNTY
AUDIT RESULTS AND COMMENTS

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SW AUG 29 2006

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PRELIMINARY DISCUSSION DRAFT

CONFIDENTIAL ONLY

CONFIDENTIAL NOT FOR PUBLICATION

EXIT