

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

AUDIT REPORT

OF

COUNTY AUDITOR

FAYETTE COUNTY, INDIANA

January 1, 2009 to December 31, 2009



FILED

09/20/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Mary R. Hiers	01-01-08 to 12-31-10
President of the Board of County Commissioners	Chad Lee Richard Pflum	01-01-08 to 12-31-08 01-01-09 to 12-31-10
President of the County Council	Barton Baker Duane Risselman	01-01-08 to 12-31-08 01-01-09 to 12-31-10



STATE OF INDIANA
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TO: THE OFFICIALS OF FAYETTE COUNTY

We have audited the records of the County Auditor for the period from January 1, 2009 to December 31, 2009, 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 Fayette County for the year 2009.

STATE BOARD OF ACCOUNTS

August 2, 2010

COUNTY AUDITOR
FAYETTE COUNTY
AUDIT RESULTS AND COMMENTS

PROPERTY TAX SETTLEMENT/DISTRIBUTION ERRORS

Refunds of property taxes are computed and reported on State Board of Accounts Prescribed Form 17T, "Claim for Refund of Taxes," and are initially paid from the County General Fund. At settlement time, a reduction in property tax distributions must be made from each taxing district where refunds were paid on their behalf to the General Fund. Those reductions must be used to repay the County General Fund for those initial advances.

The County Auditor and County Treasurer did not correctly process these refunds by way of transfer by quietus from the Treasurer's Cash Book to the County Auditor's General Fund at the time of the settlement and distribution. Therefore, amounts due to the County General Fund for property tax refunds, and to the State of Indiana for refunds of Homestead and Property Tax replacement Credits remain in the Treasurer's Cash Book balances. We recommend the County Auditor and County Treasurer calculate these amounts and remit the amounts due accordingly.

In addition, distribution of tax collections was not posted to the Treasurer's Cash Book in accordance with apportionments detailed on the Form 49TC, Treasurer's Certificate of Tax Collections.

IC 6-1.1-26-5 states in part:

"(a) When a claim for refund filed under section 1 of this chapter is allowed . . . The county auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant.

(b) In the June or December settlement and apportionment of taxes, or both the June and December settlement and apportionment of taxes, immediately following a refund made under this section the county auditor shall deduct the amount refunded from the gross tax collections of the taxing units for which the refunded taxes were originally paid and shall pay the amount so deducted into the general fund of the county."

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 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. (Uniform Compliance Guidelines Manual for County Auditor's, Chapter 9) (Uniform Compliance Guidelines Manual for County Treasurer's, Chapter 6)

By the provisions of IC 6-1.1-27-1 and 6-1.1-27-2 the county auditor and the county treasurer, on or before June 20th and December 20th of each year, shall meet to make settlement of taxes and special assessments collected during the preceding six months periods ending May 10 and November 10, respectively, and at that time the treasurer shall also make settlement of any other collections required by law to be paid to the county treasurer. These sections are then followed by provisions in IC 6-1.1-27-3 that on or before June 30th and December 31st of each year the auditor shall send a copy of the certificate of settlement (Settlement Sheet) to the Auditor of State and pay to the Treasurer of State the money due the state as shown by the certificate of settlement. To meet the deadlines fixed in the laws cited, there must be complete cooperation between the offices of the auditor and the treasurer. (Uniform Compliance Guidelines Manual for County Auditor's, Chapter 9)

COUNTY AUDITOR
FAYETTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

E-911 EXPENDITURES

IC 36-8-16 and 36-8-16.5 establish guidelines for the expenditure of E-911 fees. During our audit of these fees we found expenditures not in compliance as follows: Expenditures were made from the Emergency Telephone fund for training, office equipment, office supplies, supplies, and uniforms. Expenditures were made from the Wireless Emergency Telephone fund for payments to the Indiana Office of Technology.

IC 36-8-16-14(a) states:

"The emergency telephone system fees shall be used only to pay for:

- (1) the lease, purchase, or maintenance of enhanced emergency telephone equipment, including necessary computer hardware, software, and data base provisioning;
- (2) the rates associated with the service suppliers' enhanced emergency telephone system network services;
- (3) the personnel expenses of the emergency telephone system;
- (4) the lease, purchase, construction, or maintenance of voice and data communications equipment, communications infrastructure, or other information technology necessary to provide emergency response services under authority of the unit imposing the fee; and
- (5) an emergency telephone notification system under IC 36-8-21.

The legislative body of the unit may appropriate money in the fund only for such expenditure."

IC 36-8-16-15 states:

"(a) A unit may contract with a service supplier over any term negotiated between the unit and the service supplier and may make payments from the emergency telephone system fund to provide any payments required by the contract.

(b) A unit may negotiate and enter into a lease, contract, or other obligation with a person for the purpose of procuring funds to make the payments required by a contract with a service supplier.

(c) A unit may use money in the emergency telephone system fund to make payments of debt service on any bonds or other obligations issued to purchase, to pay any lease rentals for the lease of, an enhanced emergency telephone system or to make payments required under a lease, contract, or other obligation entered into under subsection (b).

(d) A unit may pledge money in the emergency telephone system fund to make payments permitted by subsection (a), (b), or (c) in the manner set forth in IC 5-1-14. A unit may limit payments permitted by subsection (a), (b), or (c) to money in the emergency telephone system fund. The obligations of the unit to make the payments from that fund do not constitute a debt of the unit. The contract, bond, obligation, or lease must contain a statement to that effect if payments are so limited."

COUNTY AUDITOR
FAYETTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

IC 36-8-16.5-41(a) states:

"A PSAP shall use its distribution made under section 39 of this chapter for the lease, purchase, or maintenance of wireless enhanced emergency telephone equipment, including:

- (1) necessary computer hardware, software, and data base equipment;
- (2) personnel expense and training;
- (3) the provision of wireless enhanced emergency service; or
- (4) educating consumers about the operations, limitations, role, and responsible use of enhanced 911 service."

COUNTY AUDITOR
FAYETTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2010, with Mary R. Hiers, Auditor; Richard Pflum, President of the Board of County Commissioners; Duane Risselman, President of the County Council; and Ronald E. Cox, Vice President of the County Council.