

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

AUDIT REPORT

OF

COUNTY TREASURER

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>
Treasurer	Debra Shaw Kidd	01-01-09 to 12-31-12
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 Treasurer 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 Result and Comment. 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 TREASURER  
FAYETTE COUNTY  
AUDIT RESULT AND COMMENT

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 from 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 TREASURER  
FAYETTE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2010, with Debra Shaw Kidd, Treasurer. The official response has been made a part of this report and may be found on page 6.



**Debra Shaw Kidd**  
**Fayette County Treasurer**

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treasurer@co.fayette.in.us

**Date:** August 2, 2010  
**To:** State Board of Accounts  
**Re:** Balancing Settlement with the Auditor's Office

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From 2005 through 2007, I had no problem with the settlement process. I received Quietus from the Auditor's office, was able to zero out the property tax collected, along with the PTRC/Homestead Credits, and the balance of the settlement quietus equaled the Excise Tax distributed with settlement. This had worked in those years because settlement quietus issued by the Auditor's office balanced with the Treasurer's cashbook. After settlement in 2009, I noticed that I had too much money on the cashbook after the settlement process. Because all monies from property tax collected, PTRC, homestead credits, and excise tax are added together and then settlement quietus are issued, it was difficult to determine exactly what was wrong.

After talking to field examiners from the State Board of Accounts on 05/26/10, on my daily cashbook I transferred \$349,343.48 from Excise Tax to the top of the book and labeled those entries as 17T's from 2008 \$23,752.85; 17T's from 2009 \$250,385.29; and Other 2009 Settlement Undistributed \$75,205.34. This was the amount that I had determined was needed to balance 2009 Fall Settlement to monies receipted to the cashbook. I have since received quietus totaling \$275,717.14 against these items, leaving \$73,626.34 in Other 2009 Settlement Undistributed. In addition, I have received quietus for Spring 2008 and Spring 2009 Exam of Records which were not included in the above total.

In order to make sure that future settlements are balanced, with the Spring 2010 settlement I took the following measures:

1. As soon as I received a report from the Auditor's office with the amount of Excise Tax to be distributed I moved that amount to the top of the cashbook and labeled it "Excise to be distributed with Settlement".
2. I made a copy of the cashbook page and wrote down the total of property tax, LOIT (PTRC), Homestead Credits, and Excise Tax and gave it to Misti Barrett in the Auditor's office. I told Misti that this was the total of the quietus needed to balance.
3. When the settlement quietus were applied to the cashbook, they balanced.

I will use this process on all future settlements to insure that all settlement monies are identified for receipt to the funds.

