

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

AUDIT REPORT

OF

COUNTY TREASURER

MADISON COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/05/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelly Gaskill	01-01-11 to 12-31-14
President of the County Council	Larry Crenshaw William Michael Phipps	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	John Richwine	01-01-11 to 12-31-12



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 Treasurer for the period from January 1, 2011 to December 31, 2011, 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 2011.

STATE BOARD OF ACCOUNTS

July 10, 2012

COUNTY TREASURER
MADISON COUNTY
AUDIT RESULTS AND COMMENTS

OUTPUT CONTROLS

As similarly stated in prior Report B39460, the "Tax Payment History" reports printed by the tax collection and settlement software in use by the Treasurer's office did not always agree with each other. Collections on the "Journal by Batch" report did not agree to collections on the "Journal By Day" report. Often, payments on the payment history screens for individual taxpayers were shown as posted to the customer's account; however, \$0 will be shown under "Amount Available." The amount available function is used in determining settlement. It is unclear why this error occurred. The County converted to a new tax billing and accounting software in 2012, which should correct this issue.

The computerized accounting system must incorporate features that assure all accounting information is reported accurately and completely. Output reports must have appropriate subtotals to allow reconciliation of reports within the system and reconciliation to external documentation. (Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 11)

INTERNAL CONTROLS OVER TAX CALCULATIONS

A test of property tax calculations revealed that some tax bills had been miscalculated for 2010 pay 2011. The following details the methods by which the bills were miscalculated:

The excessive property tax credits (tax caps) provided by Indiana Code 6-1.1-20.6-7.5 were not properly applied. The tax caps were applied to the cumulative tax bill instead of being applied at each cap level of 1 percent, 2 percent, and 3 percent, separately. In addition, tax caps on rental properties were applied at 3 percent when they should have been applied at 2 percent. This occurred because the billing system in use prior to 2012 did not automatically roll the property classifications from year to year and no alternative system was in place to verify property classifications to the property cards in the assessor's office. The County converted to a new tax billing and accounting software in 2012, which should correct this issue.

COUNTY TREASURER
MADISON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 2)

Indiana Code 6-1.1-20.6-7.5 states:

"(a) A person is entitled to a credit against the person's property tax liability for property taxes first due and payable after 2009. The amount of the credit is the amount by which the person's property tax liability attributable to the person's:

- (1) homestead exceeds one percent (1%);
- (2) residential property exceeds two percent (2%);
- (3) long term care property exceeds two percent (2%);
- (4) agricultural land exceeds two percent (2%);
- (5) nonresidential real property exceeds three percent (3%); or
- (6) personal property exceeds three percent (3%);

of the gross assessed value of the property that is the basis for determination of property taxes for that calendar year."

COUNTY TREASURER
MADISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2012, with Kelly Gaskill, Treasurer, and Greg Bramwell, First Deputy.