

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

EXAMINATION REPORT
OF
COUNTY TREASURER
CRAWFORD COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
12/29/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Donald E. Dubois Edna M. Brown	01-01-03 to 03-31-04 04-01-04 to 12-31-08
President of the County Council	David Jones Jerry Brewer	01-01-04 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Randy Gilmore	01-01-04 to 12-31-06



STATE OF INDIANA
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TO: THE OFFICIALS OF CRAWFORD COUNTY

We have examined the records of the County Treasurer for the period from January 1, 2004 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 Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Crawford County for the years 2004 and 2005.

STATE BOARD OF ACCOUNTS

November 29, 2006

COUNTY TREASURER
CRAWFORD COUNTY
EXAMINATION RESULTS AND COMMENTS

SURPLUS TAX FUNDS

The Treasurer prepared duplicate schedules of all excess tax collections received and delivered one copy of the schedule to the Auditor at the times of settlement. However, the amount of the excess tax collections was not transferred by quietus into the Surplus Tax Fund from the Treasurer's Daily Balance of Cash and Depositories during the audit period. The taxpayers making the excess payments were notified by the Treasurer of the excess payments and then disbursements were made directly from the Daily Balance of Cash and Depositories. Disbursements were posted by the Auditor and the Treasurer to their respective Surplus Tax Fund Ledgers. As of October 26, 2006, the Surplus Tax Fund Ledger of the Auditor and the Treasurer were reconciled; however, they did not reconcile to the amount of money recorded on the Treasurer's Daily Balance of Cash and Depositories for the same day.

Surplus tax may only be refunded after being transferred by quietus from the Treasurer's Daily Balance of Cash and Depositories, line 53, to the Surplus Tax Fund. County treasurers are not authorized to make refunds from the "Other Sources" section of the Daily Balance of Cash and Depositories. Both the County Auditor and County Treasurer must approve all Surplus Tax Fund claims in accordance with IC 6-1.1-26-6. (The County Bulletin and Uniform Compliance Guidelines, Volume 312, Page 4, dated April 1997)

If the amount of an excess payment is more than five dollars (\$5) and exceeds the amount applied under Indiana Code 6-1.1-26-6(a) to property taxes that are delinquent at the time that the excess payment is transferred to the surplus tax fund, then no later than forty-five (45) days after receiving the notification from the county auditor under Indiana Code 6-1.1-26-6(b), the county treasurer shall give the taxpayer who made the excess payment written notice that the taxpayer may be entitled to a refund. The notice shall be mailed to the last known address of the taxpayer as listed on the tax duplicate or the most current record of the county treasurer. The notice must contain at least the following information:

- (1) A statement that the taxpayer may be entitled to a refund because the taxpayer made an excess payment.
- (2) The amount of the refund.
- (3) Instructions on how to claim the refund.
- (4) The date before which the refund must be claimed under subsection (c).
- (5) An explanation that the amount of the refund will be reduced by any amount applied to property taxes that are delinquent. [IC 6-1.1-26-6]

(Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

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 of Indiana, Chapter 10)

COUNTY TREASURER
CRAWFORD COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

The Treasurer's Daily Balance of Cash and Depositories (Form 47) is not always prepared daily, so that it reflects the transactions of the office for that particular day.

Monthly Financial Statements (Form 61) were not always prepared by the Treasurer at the close of each month. On numerous occasions, the Auditor's office prepared the Treasurer's Form 61 from the Treasurer's Fund Ledger, in order to determine if the two records reconciled.

The Treasurer's Daily Balance of Cash and Depositories (Form 47) did not reconcile with the Monthly Financial Statements for the current audit period or to the month ending prior to the report date.

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with Indiana Code 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day.

The record is designed to be posted "daily," with a separate page for each day. The left side of the page shows the total amount of money for which the treasurer is accountable (charges) and the right side of the page shows the money on deposit, invested or on hand (credits), as proof of the financial condition. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

The treasurer, being custodian of all money belonging to the county, is required to keep records so that the money belonging to each fund shall be shown separately and money received for taxes shall be kept as a separate item until after the next settlement and transfer to the various funds has been made. [IC 36-2-10-15] This makes it imperative for the treasurer to have adequate records and keep them properly. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

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 of Indiana, Chapter 10)

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 of Indiana, Chapter 10)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 12)

COUNTY TREASURER
CRAWFORD COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

A comparison of the Treasurer's records to the bank account at the time of settlement of the 2003 taxes in 2004, indicated cash necessary to balance of \$446.91. The Treasurer, Edna M. Brown, appeared before the County Council on August 31, 2004, requesting that \$446.91 be taken from the County General Fund and deposited into the bank in order to make settlement of the taxes. The County Council approved the request and the cash necessary to balance was deposited into the bank account and settlement was subsequently made. The Treasurer has not identified the errors causing the cash necessary to balance, nor has she reimbursed this amount to the General Fund as of the report date.

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 of Indiana, Chapter 10)

COUNTY TREASURER
CRAWFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 7, 2006, with Edna M. Brown, Treasurer.
The official concurred with our examination findings.