

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

AUDIT REPORT

OF

COUNTY AUDITOR

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>
Auditor	Kathy Stoops-Wright	01-01-09 to 12-31-12
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 Auditor 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 AUDITOR  
MADISON COUNTY  
AUDIT RESULTS AND COMMENTS

**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.

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, 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 AUDITOR  
MADISON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**SUPPORTING DOCUMENTATION**

A test of ten credit card payments indicated that detailed receipts for purchases were not always submitted to the Auditor's office. Two different payments to credit card companies did not include all of the detailed receipts for the submitted charges. The first credit card payment of \$402.10 included seven restaurant credit card slips that did not contain itemized restaurant receipts. The second credit card payment was for \$506.82, which included receipts from two purchases from a hardware store which were not itemized and two other purchases without receipts. Of the purchases without receipts, one purchase was to a hardware store and the other was to a conference.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Excess Amount Expended</u>
2006 Reassessment	<u>\$ 62,894</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

COUNTY AUDITOR  
MADISON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2012, with Kathy Stoops-Wright, Auditor. The official concurred with our audit findings.