

## CHAPTER 6

## FUNDS AND ACCOUNTS

This chapter is devoted to funds and accounts required to be maintained by the treasurer. The term "funds" relates to funds accounted for in the Funds Ledger, Form 24B, for which corresponding funds are carried in the ledgers of the county auditor. The term "accounts," as used in this chapter, relates to property taxes, excise taxes and similar collections made by the treasurer which are not immediately receipted into a specific fund but held in separate accounts in the records of the treasurer pending payment or settlement by the treasurer.

FUNDS

All funds are accounted for in the Funds Ledger, Form 24B. All receipts arise from applications to pay and quietuses issued by the county auditor for which a receipt is issued by the treasurer. All disbursements arise from warrants issued by the county auditor and countersigned by the treasurer. The applications to pay and quietuses and the county warrants provide the media for posting the funds ledger. The funds ledger is further discussed on page 4-2 of the manual.

ACCOUNTS

Property taxes, excise taxes and many other types of collections are received by the treasurer, for which the treasurer is not required to make settlement until a later date. A list of such items will be found on lines 45 through 65 of the prescribed form of treasurer's daily balance of cash and depositories, exhibited on page 4-33.

All collections by the treasurer, except those for which an application to pay, quietus and treasurer's receipt are issued at the time the collection is made are carried in the "accounts" listed on lines 1 through 61 of the treasurer's daily balance of cash and depositories. When such collections are transferred from these accounts, at which time an application to pay, quietus and receipt are issued, the amounts transferred are entered in Column 4 of the daily balance record and an offsetting entry made on line 69 of that record, identified as "Funds Ledger - Cash," in Column 3 as transferred from accounts by quietus. The quietuses are then posted to the funds ledgers of both the county auditor and treasurer and credited to the funds affected, and disbursed upon warrants issued by the county auditor.

ADVANCE COLLECTION OF TAXES

When the treasurer collects taxes after the due date for the final payment of the May or the November installment of taxes, any taxes collected after the due date are to be accounted for on line 45 of the daily balance record titled "Advance Collection of Taxes." This will include not only prior years delinquencies but any advance payments of current taxes which might occur in the settlement of an estate or as a result of a person moving from the county.

All amounts collected shall be entered in the register of taxes collected for the ensuing settlement period and, after settlement is made of the preceding collection period, the amounts which have accrued in the account for advance collection of taxes will be transferred to the taxing district for which the collections were made. This is more fully explained on pages 4-8 and 4-9 under the heading "Settlements."

## DRAINAGE FUNDS

The construction, reconstruction and maintenance of legal drains falls under the jurisdiction of the county drainage board. The Indiana Drainage Code, IC 36-9-27, recognizes four drainage funds:

General Drain Improvement Fund  
Drainage Maintenance Fund  
Drainage Bond Redemption Fund  
Cumulative Drainage Fund

Costs of construction and reconstruction are paid from the general drain improvement fund. This fund may also be used for the payment of maintenance expenses, if authorized by the drainage board, where sufficient funds are not available in the drainage maintenance fund for payment of the expenses. The drainage maintenance fund is used for payment of maintenance expenses for which annual assessments have been fixed by the drainage board. The drainage bond redemption fund is used solely for the payment of principal and interest on bonds issued. The cumulative drainage fund may be established for construction, reconstruction or maintenance of drains.

Assessment rolls to cover the expense of construction or reconstruction of drains are certified by the county drainage board to the county auditor. The county auditor, within thirty (30) days after receipt of the assessment rolls, shall prepare the Ditch Duplicate, Form 63, for collection by the treasurer.

The treasurer shall, within fifteen (15) days after receipt of the ditch duplicate or at the time the next statement for property taxes is sent out, mail to each person owning land assessed for the improvement a statement showing the total amount of the assessment and the installment currently due. This statement shall state that such owner may pay the assessment in full within one (1) year or may pay only the installment due within the current year with deferred payments in annual installments with interest thereon as fixed by law. Form 63N, Notice of Drainage Assessment, may be furnished each owner for the assessment due; or a similar statement added to the property tax statement which is distinct from general property taxes. In addition, a statement shall be mailed the owner prior to each semiannual payment date on Form 63A, Drainage Assessment Statement.

When the drainage board fixes an annual assessment for periodic maintenance of a drain, the county auditor shall in each year for which assessments are made prepare a Ditch Duplicate, Form 63, which record is maintained in the same manner as a property tax duplicate, in that the duplicate will include not only the current assessments but any prior years delinquencies and penalties. Notices of such assessments shall be mailed by the treasurer, including any delinquencies, and collection shall be made in accordance with the laws governing the collection of property taxes. Drainage Assessment Statement, Form 63A, shall be used in billing and collecting maintenance assessments.

Where bonds are issued for construction of the drain, assessments collected by the treasurer prior to the time the bonds were issued and the principal received from the sale of bonds should be receipted to the fund from which the construction expenses are to be paid. Collections of the principal and interest on assessments for which bonds are issued shall be receipted to the drainage bond redemption fund for credit to each such drain.

All collections on drainage assessments shall be entered in the register of Ditch Assessments Collected, County Form 63B, which record is similar to the register of taxes collected. A separate register shall be maintained for "each drain" and separate sections reserved for (1) collections on construction and reconstruction assessments to be credited to the general drain improvement fund; (2) for collections on maintenance assessments to be credited to the drainage maintenance fund; and (3) for assessments collected on bonded drains to be credited to the drainage bond redemption fund. This will then enable the treasurer to prepare the County Treasurer's Certificate of Collections, Form 49DC, at the time of each semiannual settlement, and also permit verification of the collections to the assessments collected shown on line 52 of the daily balance record and to the collections entered in the ditch duplicate.

All drainage assessments are subject to the same penalties for nonpayment as are imposed upon delinquent property taxes. Land assessed is subject to sale in the same manner as real estate is subject to sale for delinquent taxes.

### TAX SALE COSTS

The county auditor prescribes an amount that equals the sum of: (1) twenty-five dollars (\$25.00) for postage and publication costs; (2) any other actual costs incurred by the county that are directly attributable to the tax sale; and (3) any unpaid costs due from a prior tax sale. [IC 6-1.1-24-2]

When such costs are collected, they are entered on the register of taxes collected in the column provided for that purpose. The total of such collections for each day will be shown in the Daily Balance of Cash and Depositories, Form 47, line 57, Column 3.

Such collections are accumulated in the tax sale costs account and are transferred at close of the taxpaying periods to the county general fund by quietus and receipt.

### DOG TAX

The township assessor shall assess against each person who failed to pay to such assessor the amount of any such license fee or fees so owing by such person, and the amount of such license fee or fees shall be placed upon the tax duplicate by the county auditor and collected as taxes are collected. [IC 15-5-9-2]

A separate duplicate should be set up for this purpose, with cross reference on the person's property tax duplicate, to assist in calling attention to the charge.

Collections should be entered in the Register of Taxes Collected, Form 65, in sections provided for that purpose.

Collections are accumulated in the dog tax account (line 51). At suitable intervals, usually at the time of each semiannual settlement, collections shall be quietused into a "dog tax collections" fund and paid from that fund by county auditor's warrant to the respective township trustees for which collected.

### EXCESS TAX COLLECTED - SURPLUS TAX FUND - UNCLAIMED FUNDS

Each county treasurer shall place the portion of a tax or special assessment payment which exceeds the amount actually due, as shown by the tax duplicate or special assessment records, in a special fund to be known as the "surplus tax fund." Amounts placed in the fund shall first be applied to the taxpayer's delinquent taxes in the manner provided in IC 6-1.1-23-5(b). The taxpayer may then file a verified claim for money remaining in the surplus tax fund. The county treasurer or county auditor shall require reasonable proof of payment by the person making the claim. If the claim is approved by the county auditor and the county treasurer, the county auditor shall issue a warrant to the taxpayer for the amount due the taxpayer.

Not less frequently than at the time of each semiannual settlement, the county treasurer shall prepare duplicate schedules of all excess payments received. The schedules shall contain the name on the tax duplicate, the amount of excess paid, and the taxing district. The county treasurer shall deliver one (1) copy of the schedule to the county auditor. Within fifteen (15) days after receiving the schedule, the county auditor shall review the schedule, and if the county auditor concurs with the schedule, the county auditor shall notify the county treasurer that the notice may be sent. The county auditor shall preserve the schedule, and if a refund is subsequently made, he shall note on the schedule and notify the county treasurer of the date and amount of the refund. In addition, when money is transferred from the surplus tax

fund to the county general fund after three (3) years, the county auditor shall note the date and amount of the transfer on the schedule.

If an excess payment is not claimed within the three (3) year period after November 10 of the year in which the payment was made and the county treasurer has given the written notice required, the county auditor shall transfer the excess from the surplus tax fund into the general fund of the county. If the county treasurer has given written notice concerning the excess, the excess may not be refunded after the expiration of that three (3) year time period.

If the amount of an excess payment is more than five dollars (\$5) and exceeds the amount applied under IC 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 IC 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]

### TAX SALE SURPLUS

If a surplus remains after paying taxes, special assessments, penalties and costs for which real property was sold, it shall be applied: First, to the payment of delinquent taxes on personal property unpaid in the same county by that person; second, to the payment of delinquent taxes on real property unpaid in the county by that person; and, third, to the payment of delinquent taxes on personal property unpaid by that person and certified from another county.

If a surplus still remains, the treasurer shall account for it in a separate "tax sale surplus fund."

Any amount in the tax sale surplus fund which remains unclaimed for a period of three (3) years from the date of receipt thereof shall be transferred by the county auditor to the county general fund, and no refund thereof shall be had thereafter. [IC 6-1.1-24-7]

### SEWAGE COLLECTIONS

IC 36-9-23-33 provides a method for collecting delinquent sewage charges made by a city or town by certifying on or before December 15 of each year, to the county auditor a list of liens which were recorded in the office of the county recorder and remain unpaid. The lien shall attach to the real estate from the time of the recording. A service fee of five dollars (\$5.00) shall be added to each delinquent rate or charge recorded at the time of recording.

Upon receipt of the list, the county auditor shall immediately enter each delinquent rate or charge, together with the amount of the penalty, recording fee, the five dollar (\$5.00) service fee, and a fifteen dollar (\$15.00) certification fee in the tax duplicate for such city or town, and the total amount shall be due and payable not later than the due date of the next May installment of property taxes. If the delinquency, penalty, recording fee, service fee, and certification fee are not paid, collection shall be enforced in the same manner and in all respects the same way as taxes on real estate or buildings when the same are delinquent.

The treasurer, upon collection, shall certify at the time of each semiannual tax settlement, to the county auditor all fees, charges and the penalties. The county auditor shall deduct the service charges and certification fees collected by the county treasurer and pay over to the officer the remaining fees and penalties due the municipality. The service fee and certification fee shall be retained and receipted into the general fund of the county. [IC 36-9-23-33]

### BARRETT LAW COLLECTIONS

In some counties Barrett Law collections are made by the treasurer and such collections should be accounted for in the same manner as other special assessment collections, with a register of the collections being maintained and the collections recorded on line 47 of the treasurer's daily balance of cash and depositories.

There are also provisions in the law for delinquent Barrett law assessments to be certified to the county auditor, who is required to place the assessments on the tax duplicate to be collected by the treasurer. These collections shall likewise be accounted for in the same manner as other special assessment collections, by maintaining a register of the collections and entering such collections in the treasurer's daily balance of cash and depositories and by settlement of the collections periodically or at least at the time of each semiannual settlement. Such collections when settled by the treasurer shall be receipted into a "Barrett law collections fund" on the records of the county auditor and treasurer and remitted by county warrant to the city or town for which the amounts were collected. [IC 36-9-37-23]

### CASH CHANGE ACCOUNT

To this account (line 48, Form 47) is posted the cash change fund advanced by the county. The change fund is to be advanced out of the county general fund without appropriation. The county auditor establishes the advance on the county auditor's record by using Form 24, Ruling A, headed "cash change funds advanced."

This cash change will be carried as a charge on the treasurer's daily balance (line 48) until returned to the county general fund by quietus and receipt and proper accounting made on the right side of the treasurer's daily balance record as a part of the "cash drawer count."

There should be no cashing of personal checks from the cash change fund.

### UNCOLLECTIBLE ITEMS - DISPOSITION OF

An extended effort shall be made by the treasurer to recover funds from checks returned by the depositories as uncollectible. During the process of collecting, the return checks shall be carried as a cash item and the duplicate so noted. When it is determined that the returned item is uncollectible, the treasurer shall attach all related documents to a regular claim to be presented to the board of county commissioners, with an explanation. Upon the commissioners approval of payment from the general fund, without appropriation, the county warrant is placed in the cash drawer to replace the uncollectible item and deposited as other checks. The amount of tax shall be recharged on the proper duplicate.

The amount reimbursed to the treasurer shall be deducted from the amount for apportionment in the appropriate taxing district in the next December Settlement and returned to the county general fund. This amount should be shown on line 39 of the apportionment and settlement sheets as "reimbursements to county treasurer for bad checks."

## CONSERVANCY DISTRICT ACCOUNT

### Special Benefits Tax Levy

In Official Opinion No. 57-1967 the Attorney General held that the special benefits tax levy should be imposed upon all real estate in the district which has an assessed valuation, including tax exempt property, such as charitable, educational and religious organizations; also, that the special benefits tax levy should be imposed upon the gross assessed valuation, without allowance of any deductions, such as the mortgage, age 65, veterans' and blind deductions.

The special benefits tax levy does not apply to real estate owned by the United States Government, the State of Indiana or any political subdivision within the state. (OAG 57-1967)

The county auditor shall enter all real estate in the county which is within the boundaries of the conservancy district in a separate section of the tax duplicate or in a separate duplicate. The gross assessed valuation of the real estate shall be multiplied by the rate of tax levied by the conservancy district to determine the tax payable which shall be collected and paid in the same manner and at the same time as property taxes are collected. The same provisions as to penalties and sale of property for delinquencies apply to the special benefits tax as apply to property taxes.

Collections are required to be settled by the treasurer and distributed to the conservancy district at the time of making the June and December settlements.

### Exceptional Benefits Assessments

If the appraisers have determined that there are exceptional benefits to some real property, the board of directors shall prepare an assessment roll from the appraisers' report as approved by the court. The assessment roll shall consist of a description of each parcel of real property exceptionally benefited, the name of the owner thereof, as is listed on the tax duplicate or described in the appraisers' report as approved by the court, and the amount of the assessment, one (1) copy of which assessment roll shall be recorded in the office of the county recorder of each county wherein real property exceptionally benefited is located, one (1) copy shall be filed with the county auditor of each county in which land of a district exceptionally benefited is located, and another copy of which shall be kept on file in the office of the conservancy district. Assessments for exceptional benefits shall be a lien upon each parcel of real property against which they are assessed from and after the date that such assessment is approved by the court. [IC 14-33-10-1]

The board of directors shall publish notice that the assessments are due and payable within sixty (60) days. Payment shall be made at the office of the board of directors or, if the court shall so order, at the office of the treasurer of each affected county. [IC 14-33-10-2(b)]

If the court orders that the exceptional benefits assessments shall be collected in the treasurer's office, the assessment roll should be entered in a separate section of the ditch tax duplicate or in a special duplicate for that purpose and assessments collected and accounted for in the same manner as drainage assessment collections.

The owners of real property assessed for exceptional benefits shall have the right to make payment in full unless exceptional benefits are assessed annually and paid with special benefits taxes to the treasurer of the county. In the event that payment is made in full of such exceptional benefit, the board of directors shall note such payment on the assessment roll in its office, give a receipt to the landowner, paying the same, and also enter satisfaction of the lien of such assessment in the appropriate record in the office of the county recorder where such assessment is recorded as heretofore provided. The payment of the assessment does not relieve the real property from being subject to any special benefits tax and from being subjected to an annual assessment for maintenance and operation based upon the original exceptional benefit assessment if any. [IC 14-33-10-2(c)]

Any assessment not paid in full shall be paid in annual installments over such period of time as is commensurate with the term of the bond issue or other financing as determined by resolution duly adopted by the board of directors of the district and interest shall be charged at the rate of ten percent (10%) per annum on the unpaid balance. All payments of installments, interest and penalties thereon shall be entered on the assessment roll in the office of the conservancy district (or treasurer's office if ordered by the court). Upon payment in full of the entire assessment, including any interest and penalties thereon, the board of directors shall cause the lien thereof to be released and satisfied on the records in the office of the county recorder of the county wherein the real property so assessed is situated. [IC 14-33-10-3]

The same penalties for delinquencies which apply to property taxes also apply to exceptional benefits assessments. If an installment or assessment is not paid when due the board of directors shall file the delinquency with the county auditor to be placed on the tax duplicate to be collected as state and county taxes are collected. If this delinquency is not paid at the next ensuing date for the semiannual payment of taxes the property shall be subject to sale in the same manner as real property on which there is delinquent property taxes. [IC 14-33-10-4]

### Treasurer's Record

Therefore, a treasurer will have collection and accounting duties in connection with assessments under the Conservancy District Act. [IC 14-33-2]

Treasurer's duties in handling collections:

1. Issue Receipt, Form 18CD, retain duplicate.
2. Post detail on Register of Collections, Form 65.
3. Post total daily collections to line 49 "conservancy district account."
4. Clear the account by quietus and receipt to a "conservancy district fund."
5. County auditor issues county warrant to clear the fund, payable to the custodian of funds of the conservancy district -- with a report of such collections for the particular collection period. (Settlement period of collection)

### GROSS INCOME TAX - REAL ESTATE SALES

All corporations or any other groups of combinations acting as a unit (including partnerships with corporate members effective January 1, 1969, and national banks effective July 1, 1971) are required to pay the gross income tax assessed against the proceeds received from the sale of their interest in real estate at the time of the transfer of the title thereto.

Effective July 1, 1963, individuals, qualified Sub-Chapter S corporations and partnerships (except partnerships with corporate members as noted above) have been relieved of the foregoing requirement.

In computing the proceeds from real estate sales for gross income tax purposes, the value of any mortgage (unless created for the purpose of evading the tax) may be deducted. Proceeds received from the conditional sales of real estate in years prior to transfer of title must be included in gross income in the year in which received.

This tax on the proceeds of a sale (cash or anything of value) of real estate or any interest therein may be paid by the seller to the treasurer of the county in which the real estate is located. Instructions and directions issued by the Gross Income Tax Division include the following:

### Tax-Paid Rubber Stamps - Treasurer Only

The Gross Income Tax Division of the Department of State Revenue furnishes to each treasurer a tax-paid rubber stamp which shall have spaces for inscribing the name of the grantor of the real estate, or any interest therein, the date and amount of tax payment, and the treasurer's receipt number. Such rubber stamp shall be the property of the Gross Income Tax Division and shall remain in the custody of the proper treasurer.

### Receipts Issued - Tax Paid

At the time the tax is paid to the treasurer, a receipt in triplicate (a form furnished by the Gross Income Tax Division) shall be issued, showing date, name of taxpayer, amount of tax paid and signature of treasurer. Two (2) copies of such receipt shall be delivered to the taxpayer and one copy retained.

### Accounting for Gross Income Tax Collected

The treasurer shall file a quarterly report with the Gross Income Tax Division on the 15th of January, April, July and October of each year covering the quarterly period ending on the last day of the preceding month. Such reports to be on forms furnished by the Gross Income Tax Division. At the time of making such reports, the treasurer shall remit the proceeds from the tax paid for the period. Each treasurer shall deduct one percent (1%) of each quarterly remittance, and such amount shall be deposited in the county general fund. If the department determines that the average monthly amount due for the preceding year exceeds \$10,000, the county treasurer shall pay the taxes due by electronic funds transfer or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due. [IC 6-2.1-8-5]

#### Procedure:

1. Issue receipt for tax paid.
  - a. Place the money in a separate cash drawer.
  - b. At the close of business for the day determine the amount of tax paid and prove your cash.
  - c. Post to daily balance of cash and depositories, and include money with other moneys deposited for the day.
2. Follow instructions and directions issued by Gross Income Tax Division to determine computation of tax.
3. Post daily receipts to Form 47, line 54 (Gross Income Tax - Real Estate Sales), from total receipts issued for the day.
4. Clear the account (line 54) by quietus and receipt quarterly to gross income tax fund on county auditor and treasurer's ledger and county general fund.

Receipt one percent (1%) of quarterly amount to county general fund and ninety-nine percent (99%) to gross income tax fund.

5. The county auditor issues a warrant to clear the gross income tax fund and treasurer uses same as a remittance with the quarterly report.

### TOWNSHIP - LINE FENCE

The provisions of IC 32-10-9-4 provide that cost of building, rebuilding or repair of a line fence paid by the township trustee shall be certified to the county auditor as a claim against the county. When such claim is paid to the township trustee, the amount is then placed on the tax duplicate by the county auditor against the land of the landowner affected by the work to be collected as other taxes are collected.

Entry of such items on the tax duplicate are placed in the section following the regular tax assessments in the taxing district concerned.

Collections are accumulated in a township line fence account, line 62, 63 or 64, on the daily balance record (Form 47). At suitable intervals transfers are made to the county general fund by quietus and receipt.

Daily collections are to be supported by individual copies of receipts and daily posting made to "township line fence account," line 62, 63 or 64, Column 3, Form 47.

### WEED CUTTING ASSESSMENTS

The provisions of IC 36-7-10.1 authorize municipalities and counties to enact an ordinance requiring the owners of real estate within the unit to cut or remove weeds or other rank vegetation.

If the landowner fails to remove the weeds within the time prescribed in an ordinance, the unit may remove the weeds and the municipal or county department specified in the ordinance shall make a certified statement of the actual cost incurred in the removal plus any additional administrative costs incurred in the certification.

The county auditor shall place the total amount, including any accrued interest, in a separate section, and collected and enforced in the same manner as real estate taxes are collected.

Collections shall be settled by the county treasurer at the June and December settlement and receipted into a fund titled "Weed Cutting Assessments." Upon receipt, the auditor shall issue a warrant to the fiscal officer of the unit for which collected.