

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

AUDIT REPORT

OF

COUNTY TREASURER

KNOX COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

12/12/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cendy Joslin	01-01-03 to 12-31-08
President of the County Council	Robert Lechner	01-01-06 to 12-31-07
President of the Board of County Commissioners	James W. Bobe James Parish	01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF KNOX COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2006 to December 31, 2006, 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 Knox County for the year 2006.

STATE BOARD OF ACCOUNTS

November 14, 2007

COUNTY TREASURER
KNOX COUNTY
AUDIT RESULTS AND COMMENTS

CORRECTION OF ERRORS

Some corrections and adjustments were made in the records without retaining recommended audit trails. On July 31, 2006, the Treasurer made adjustments to the cashbook in order to perform a depository reconciliation of the fund balances to the bank account balances. The adjustments were for a net deduction of \$924,808.08 and were made without supporting documentation.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 objective, 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 Treasurer's, Chapter 10)

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 Treasurers, Chapter 10)

FINANCIAL REPORT OPINION MODIFICATIONS

A net adjustment of \$924,808.08 was made to the Treasurer's Cashbook without supporting documentation. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditor's Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditor's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Treasurer's, Chapter 10)

COUNTY TREASURER
KNOX COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2007, with Cendy Joslin, Treasurer; James Parish, President of the Board of County Commissioners; and Robert Lechner, President of the County Council.