

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

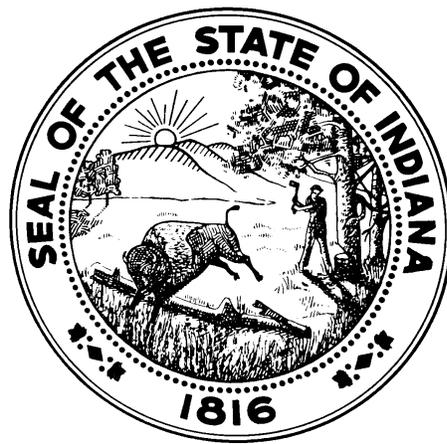
EXAMINATION REPORT

OF

COUNTY TREASURER

SCOTT COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED

01/15/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Condition of Records	4-6
Outstanding Warrants.....	6
Exit Conference.....	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Bonnie Comer Gail Peacock Iva Gasaway	01-01-05 to 06-06-08 06-09-08 to 06-23-08 06-24-08 to 12-31-08
President of the County Council	Kelly Robbins Raymond W. Jones	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of County Commissioners	Robert C. Tobias Larry D. Blevins	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF SCOTT COUNTY

We have examined the records of the County Treasurer for the period from January 1, 2007 to December 31, 2007, 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 Scott County for the year 2007.

STATE BOARD OF ACCOUNTS

December 18, 2008

COUNTY TREASURER
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following are descriptions of conditions related to the Treasurer's financial records and how these conditions resulted in the State Board of Accounts disclaiming an opinion on the County's financial schedule:

Failure to Perform Bank Reconciliations

Bonnie Comer, former County Treasurer, did not prepare completed reconcilements between record balances of cash and investments and net depository balances (depository balances adjusted for outstanding checks and other reconciling items) during the year 2007.

Failure to perform bank reconcilements has been a historical problem in the County Treasurer's Office with unidentified cash shorts/longs reported since 2002. The following shows unidentified reconciling differences by year:

<u>Year</u>	<u>Long/(Short) Amount</u>
2002	\$ (14,177)
2003	(25,280)
2004	73,919
2005	50,111
2006	(557,954)
2007	119,326

Bank reconciliations prepared as part of the examination showed numerous errors in the records presented for examination. Errors noted were: untimely recording of transactions in the records; erroneous recording of financial transactions; omitted financial transactions; and inaccurate outstanding check lists. Since numerous deficiencies were noted, it was not practical to identify all reconciling differences at this time; however, the most significant errors consisted of \$718,590 of checks included on the Treasurer's outstanding check list which had actually cleared the bank.

Indiana Code 5-13-6-1(e) states: "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."

At all times, the manual and 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, Chapter 10)

COUNTY TREASURER
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Failures to perform bank reconciliations have been reported in the following previous reports:

<u>Report Number</u>	<u>Report Period</u>
B21306	01-01-01 to 12-31-01
B21306	01-01-02 to 12-31-02
B24995	01-01-03 to 12-31-03
B26885	01-01-04 to 12-31-04
B29576	01-01-05 to 12-31-05
B31454	01-01-06 to 12-31-06

Failure to Reconcile Cash Book (Control) to Subsidiary Funds Ledger Balance

The Treasurer is required to maintain a Cash Book Fund's Ledger (Control) (Form 47) that summarizes the daily individual financial activity recorded in the County Treasurer's Funds Ledger (subsidiary detail ledger of individual fund balances).

The funds ledger control balance of cash and investments shown in the Treasurer's Cash Book was not reconciled with the Treasurer's detailed County Funds Ledger balance of cash and Investments at December 31, 2007, as shown below:

<u>Record</u>	<u>Cash and Investments 12-31-07</u>
Treasurer's Cash Book (Control)	\$ 6,444,175
Treasurer's Funds Ledger (Detail Subsidiary Ledger)	<u>6,482,270</u>
Variance	<u>\$ (38,095)</u>

Failure to reconcile the Cash Book (Control) with the Funds Ledger (Detail Subsidiary Ledger) has been reported in the following previous reports:

<u>Report Number</u>	<u>Report Period</u>
B21306	01-01-01 to 12-31-01
B21306	01-01-02 to 12-31-02
B21306	01-01-03 to 12-31-03
B21306	01-01-04 to 12-31-04
B21306	01-01-05 to 12-31-05
B31454	01-01-06 to 12-31-06

COUNTY TREASURER
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances 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, Chapter 10)

Financial Report Opinion Modification

The conditions as described above resulted in the State Board of Accounts not being able to issue an opinion on the County's financial schedule.

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 Accountants' Report on the financial schedules 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 Treasurers, Chapter 10)

OLD OUTSTANDING WARRANTS

Our review of the outstanding warrants as of December 31, 2007, after adjustments revealed warrants outstanding in excess of two years. There were 46 warrants dating back as far as the year 2000 totaling \$66,697.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

COUNTY TREASURER
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2008, with Bonnie Comer, former Treasurer.

The contents of this report were discussed on December 18, 2008, with Iva Gasaway, Treasurer; Raymond W. Jones, President of the County Council; and Larry D. Blevins, President of the Board of County Commissioners.