

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF  
SCOTT COUNTY, INDIANA  
January 1, 2012 to December 31, 2012



**FILED**  
04/04/2014



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards .....	6-7
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10-12
Notes to Financial Statement .....	13-18
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	20-42
Schedule of Leases and Debt .....	43
Schedule of Capital Assets .....	44
Other Report .....	45
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance .....	48-50
Schedule of Expenditures of Federal Awards .....	52
Notes to Schedule of Expenditures of Federal Awards .....	53
Schedule of Findings and Questioned Costs .....	54-67
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	68-69
Corrective Action Plan .....	70-79
Exit Conference .....	80

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Teresa Vannarsdall	01-01-11 to 12-31-14
Treasurer	Iva Gasaway Sheryl Jent	01-01-09 to 12-31-12 01-01-13 to 12-31-16
Clerk	Frances Satterwhite Missy Applegate	01-01-08 to 12-31-12 01-01-13 to 12-31-16
Sheriff	Joseph Daniel McClain	01-01-11 to 12-31-14
Recorder	Missy Applegate Annalee Turley	01-01-09 to 12-31-12 01-01-13 to 12-31-16
President of the County Council	Kelley Robbins Eric Gillespie Ab Watts	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14
President of the Board of County Commissioners	Mark Hays Robert Tobias Mark Hays	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF SCOTT COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of Scott County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2012.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

*Other Information*

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

  
Paul D. Joyce, CPA  
State Examiner

February 12, 2014



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF SCOTT COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Scott County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated February 12, 2014, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-001, 2012-002, 2012-003, and 2012-004 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-001.

***Scott County's Response to Findings***

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

February 12, 2014

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the County. The financial statement and notes are presented as intended by the County.

SCOTT COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 967,184	\$ 6,245,570	\$ 6,586,369	\$ 626,385
Statewide 911 Fund	-	921,430	125,517	795,913
Highway Fund	169,532	1,007,765	1,085,176	92,121
Local Road & Street	280,312	214,420	158,125	336,607
Firearms Training Fund	12,278	9,369	15,989	5,658
Health Fund	(29,213)	319,548	255,748	34,587
Scott Co Alcohol & Drug	2,760	73,823	45,822	30,761
Clerk's Perpetuation	7,258	4,678	3,368	8,568
Co Sh Riverboat/Sheriff	167,092	90,091	206,421	50,762
Drug Free Community Fund	14,864	22,683	14,864	22,683
Drainage Maintenance	3,049	287	-	3,336
Emergency Planning	12,307	-	-	12,307
Title IV-D Incentive	45,778	17,459	1,655	61,582
Recorder Perpetuation	12,937	36,235	26,636	22,536
Users Fee Fund	9,510	-	-	9,510
Covered Bridge Maintenance	18,924	1,850	286	20,488
Pre Trial Diversion	21,099	22,460	11,921	31,638
Guardian Ad Litem/Crt	1,608	50,495	46,457	5,646
Surveyor's Perpetuation	52,147	4,790	-	56,937
Jury Pay	(784)	1,923	52	1,087
Rainy Day Fund	352,407	-	29,064	323,343
Sales Disclosure Fund	165	2,210	2,155	220
Community Corrections Grant	6	108,446	108,452	-
Tobacco Grant Money	96,704	17,757	12,726	101,735
Child Advocacy Fund	300	-	-	300
Levy Excess	13,429	-	-	13,429
Prosecutor's IV-D Incent #2	58,363	20,528	12,042	66,849
Clerk IV-D Incent #2	39,940	13,641	5,373	48,208
Sccc Transition	16,394	14,460	20,000	10,854
2015 Reassessment	116,965	294,673	78,487	333,151
Recorder Cashbook	5,962	102,623	100,285	8,300
County Elected Officials Training Fund	757	2,284	642	2,399
Co Cumulative Capital Development	276,034	133,923	102,463	307,494
Cumulative Bridge	373,143	171,593	207,387	337,349
Cumulative Building Fund	74,376	23,889	15,687	82,578
City And Town Court Costs	19,966	6,347	-	26,313
Tax Sale Redemption	2,012	255,176	257,188	-
Surplus Tax Fund	16,102	11,342	12,330	15,114
Sheriff Cash Book	1	475,760	475,685	76
Infraction Judgments	1,550	28,629	29,061	1,118
Inheritance Tax Fund	65,549	121,697	187,246	-
Special Death Benefit	220	2,740	2,715	245
Education License Plate Fee	93	432	525	-
Innkeepers Tax	-	215,720	215,720	-
Financial Institution Tax	-	62,889	62,889	-
Mortgage Fee Fund	155	1,723	1,745	133
Interstate Compact Fee	-	375	313	62
Cease Grant-Sheriff	1,062	3,500	4,494	68
DOC Reimbursement	(8,435)	30,170	21,735	-
Payroll-YMCA	9	8,224	8,224	9
Payroll-AFLAC Group Ins	1,446	17,948	15,622	3,772
Payroll-Humana Ancillary Ins	154	4,456	4,204	406
Payroll-Prepaid Legal	252	1,380	1,632	-
Fines & Forfeitures	2,372	1,583	3,936	19
HAVA	54,334	25,000	71,403	7,931
Children Health Clinic	(3,629)	-	-	(3,629)
Medicare Cost Reimbursement	-	-	-	-
Sheriff Department CASA	-	-	-	-
Redevelopment Trust	1	-	-	1
Prosecutor Bad Check	11,094	4,915	4,096	11,913
Prosecutor Investigation	782	7,538	6,060	2,260
Prosecutor Arson	1,472	-	36	1,436
County Offender Transportation	-	375	63	312
Rural Demonstration Grant	-	5,311	5,311	-
Payroll-Washington County Clerk	-	742	742	-
Payroll Garnishment-Jackson County	-	902	902	-
Insurance Rebate	-	54,877	-	54,877
Scott County Hospital Reserve Fund	-	7,312,803	-	7,312,803

The notes to the financial statement are an integral part of this statement.

SCOTT COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Clerk-Odyssey	260,948	1,560,195	1,147,814	673,329
Clerk-ISETS	15,284	595,734	599,841	11,177
Clerk-PayGov	7,315	17,528	20,788	4,055
Clerk-Cash Change	100	-	-	100
Transfer Station-Petty Cash	150	-	-	150
Sheriff Inmate Trust Fund	16,124	432,751	431,476	17,399
Treasurer	702,123	505,066	702,124	505,065
Cemetery	442	8,239	6,686	1,995
Probation Users Fees	(1,454)	136,925	113,916	21,555
Family And Children	2,193	-	-	2,193
Law Enforcement Fund	36,339	80	13,696	22,723
Infraction Deferral	25,427	4,081	5,181	24,327
Drug Interdiction Officer	(11,536)	8,625	27,363	(30,274)
Riverboat Revenue Sharing	-	143,246	143,246	-
Drainage Board Users Fee	17,762	2,000	2,151	17,611
Operation Pullover	903	8,893	11,805	(2,009)
Homeland Security Gt	4,382	-	-	4,382
Child Restraint	75	900	950	25
Cedit Homestead Credit Fund	13,764	540,843	502,431	52,176
Public Defender Supplies	35,926	12,182	-	48,108
Probation Admin Fee Fund	2,334	27,845	28,451	1,728
Vehicle Accident Fund	1	1,913	-	1,914
Vehicle Id Num Check Fund	200	760	-	960
Community Corrections	(12,781)	135,942	123,161	-
Settlement Balance	-	19,819,975	19,819,975	-
Coit From State	-	3,405,693	3,405,693	-
Co Corrections Grant	(22,441)	31,550	31,500	(22,391)
Local Health Maintenance	59,618	32,672	32,517	59,773
Scott County Tif District	864,545	311,007	162,810	1,012,742
Comm Corr/Proj Income	52,727	205,694	195,225	63,196
Surcharge 911 Fund	395,398	187,203	582,601	-
Coroners Perpetuation	175	1,820	1,813	182
Prosecutors lvd Impact Grt	15,414	-	-	15,414
Reassessment	124,623	-	124,563	60
Wireless E911 Dist Fund	287,718	54,398	342,116	-
Prosecutor Sane Project	(2,749)	2,749	-	-
Sasco Waste Management	53,124	71,880	88,915	36,089
Prosecutors Jabig	(1,124)	-	-	(1,124)
Jail Revenue	961,794	845,499	849,865	957,428
Comm Vehicle Excise Tax	-	54,641	54,641	-
Co Abandoned Vehicle	200	-	-	200
Finley Water Project	7,250	-	-	7,250
Bioterrorism (Hd)	(2,409)	10,378	16,629	(8,660)
Violence Agnst Women	(11,382)	19,510	19,023	(10,895)
Title 3 Require Match Hd	2,598	-	-	2,598
Emergency Gas Award	350	-	-	350
Co Id Sec Protection Ac	40,118	2,269	-	42,387
Sheriff Dept Firearm/Eq	10	-	-	10
H1N1 2009 Swine Flu Dis	1,920	-	-	1,920
Edward Byrne Memorial Grant	13	-	-	13
Children's Health Clinic User	588	-	-	588
Real Estate Proceeds	11	-	-	11
Law Enforcement Education	13,267	3,511	1,906	14,872
Tax Sale Surplus Fund	138,457	404,704	212,541	330,620
Finger Printer Grant	6,579	4,989	-	11,568
Prosecutor Arra Fund	4,072	-	-	4,072
Clerk Arra Fund	7,993	-	-	7,993
Probat Informatl Adjt	13,115	1,345	-	14,460
Courthouse Debt Service	(13,710)	516,871	336,950	166,211
Just Property Bond Debt	515,642	6,000	227,050	294,592
Real Estate Transaction	23,726	-	-	23,726
American Family Life Insurance	152	-	-	152
Group Health	16,941	-	-	16,941
Surplus Dog Fund	1,366	-	-	1,366
Payroll Cagit	2,982	-	-	2,982
Payroll Federal	14,703	470,049	487,359	(2,607)
Payroll State Gross	45,997	166,314	172,695	39,616

The notes to the financial statement are an integral part of this statement.

SCOTT COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Payroll Social Security	5,800	524,610	532,294	(1,884)
Payroll Group Health Ins	19,672	167,133	149,841	36,964
Ambulance Service	686,699	1,191,686	1,289,162	589,223
Payroll Medicare	2,144	145,779	148,428	(505)
Payroll Police Pension	1,816	15,231	15,914	1,133
Payroll Defer Comp	1,908	384,054	384,054	1,908
Payroll Cancer Ins	(882)	44,397	44,573	(1,058)
Payroll Metro Life	69	-	-	69
Payroll Life Ins	(769)	10,052	9,983	(700)
Payroll Vision	393	578	676	295
Payroll United Way	-	949	949	-
Payroll Perf	34,541	122,592	134,478	22,655
Payroll Boston Mutual	1,483	11,537	11,564	1,456
Payroll Conseco	397	2,266	2,665	(2)
Payroll Garn Scott Co	14	4,103	4,103	14
Payroll Garnishment State	771	20,060	20,831	-
Payroll E Loan Pmt	(446)	49,587	49,566	(425)
Payroll Cedit	3	-	-	3
Payroll Property Tax Wh	-	11,847	11,847	-
Hea 1001 State Hsc 2008	-	192	-	192
Co Share Sales Disclosure	25,173	2,360	-	27,533
Payroll-Bankruptcy Fed	-	3,865	3,865	-
Payroll-Flex One	(3,577)	-	-	(3,577)
Payroll-Local Taxes	25,736	65,504	68,098	23,142
Payroll-Liberty Natl Ins	378	1,207	1,399	186
Sheriff Commissary	57,035	78,404	71,898	63,541
Assessor's Petty Cash	25	384	384	25
Totals	<u>\$ 8,953,924</u>	<u>\$ 52,246,303</u>	<u>\$ 44,677,085</u>	<u>\$ 16,523,142</u>

The notes to the financial statement are an integral part of this statement.

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides some or all of the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statement presents the financial information for the County.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the County.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the County. It includes all expenditures for the reduction of the principal and interest of the County's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The County may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the County. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the County. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The County may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the County to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

**B. County Police Retirement Plan**

*Plan Description*

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute.

**C. County Police Benefit Plan**

*Plan Description*

The County Police Benefit Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

**Note 7. Restatement of County Offices**

Certain funds that were included on the prior-year financial statement have been omitted from the current-year financial statement to more accurately reflect the financial activity of the County. These funds account for receipts and disbursements of County offices that are also eventually accounted for in the County's general ledger and financial statement.

SCOTT COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of certain funds being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2012. In addition, there were certain other funds with insufficient receipts to cover disbursements, including some grant funds for which the reimbursement was not remitted timely.

**Note 9. Restatements**

For the year ended December 31, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances.

Fund	Balance as of December 31, 2011	Prior Period Adjustment	Balance as of January 1, 2012
Clerk-Odyssey	\$ -	\$ 260,948	\$ 260,948
Clerk-ISETS	-	15,284	15,284
Clerk-PayGov	-	7,315	7,315
Clerk-Cash Change	-	100	100
Transfer Station - Petty Cash	-	100	100

Due in part to inadequate financial records for the Clerk of the Circuit Court, there was a modification of opinion in the 2011 Independent Auditor's Report for the financial statement. The Clerk of the Circuit Court's funds was not reported in the County's 2011 financial statement.

**Note 10. Holding Corporation**

The County has entered into a capital lease with Scott County Courthouse Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year 2012 totaled \$336,000.

**Note 11. Subsequent Events**

During the Spring of 2014, the County is planning an \$11,470,000 jail addition/renovation project with bonds to be issued in the amount of \$6,470,000.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the County's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the County which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the County. It is presented as intended by the County.

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	General	Statewide 911 Fund	Highway Fund	Local Road & Street	Firearms Training Fund	Health Fund	Scott Co Alcohol & Drug	Clerk's Perpetuation
Cash and investments - beginning	\$ 967,184	\$ -	\$ 169,532	\$ 280,312	\$ 12,278	\$ (29,213)	\$ 2,760	\$ 7,258
Receipts:								
Taxes	5,078,938	-	-	-	-	260,055	-	-
Licenses and permits	33,074	-	-	-	-	-	-	-
Intergovernmental	215,516	-	981,950	214,420	-	14,306	-	-
Charges for services	384,837	84,899	-	-	9,369	45,187	-	-
Fines and forfeits	84,148	-	-	-	-	-	73,823	4,678
Other receipts	449,057	836,531	25,815	-	-	-	-	-
Total receipts	<u>6,245,570</u>	<u>921,430</u>	<u>1,007,765</u>	<u>214,420</u>	<u>9,369</u>	<u>319,548</u>	<u>73,823</u>	<u>4,678</u>
Disbursements:								
Personal services	4,887,970	108,231	785,791	-	-	230,260	37,885	-
Supplies	273,424	-	176,896	-	-	8,757	1,451	-
Other services and charges	1,332,869	17,286	122,489	-	-	16,711	6,486	-
Debt service - principal and interest	33,492	-	-	-	-	-	-	-
Capital outlay	10,432	-	-	158,125	-	-	-	-
Other disbursements	48,182	-	-	-	15,989	20	-	3,368
Total disbursements	<u>6,586,369</u>	<u>125,517</u>	<u>1,085,176</u>	<u>158,125</u>	<u>15,989</u>	<u>255,748</u>	<u>45,822</u>	<u>3,368</u>
Excess (deficiency) of receipts over disbursements	<u>(340,799)</u>	<u>795,913</u>	<u>(77,411)</u>	<u>56,295</u>	<u>(6,620)</u>	<u>63,800</u>	<u>28,001</u>	<u>1,310</u>
Cash and investments - ending	<u>\$ 626,385</u>	<u>\$ 795,913</u>	<u>\$ 92,121</u>	<u>\$ 336,607</u>	<u>\$ 5,658</u>	<u>\$ 34,587</u>	<u>\$ 30,761</u>	<u>\$ 8,568</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Co Sh Riverboat/Sheriff	Drug Free Community Fund	Drainage Maintenance	Emergency Planning	Title IV-D Incentive	Recorder Perpetuation	Users Fee Fund	Covered Bridge Maintenance
Cash and investments - beginning	\$ 167,092	\$ 14,864	\$ 3,049	\$ 12,307	\$ 45,778	\$ 12,937	\$ 9,510	\$ 18,924
Receipts:								
Taxes	-	-	252	-	-	-	-	1,850
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	77,834	-	-	-	13,641	-	-	-
Charges for services	12,257	-	-	-	-	36,235	-	-
Fines and forfeits	-	22,683	-	-	-	-	-	-
Other receipts	-	-	35	-	3,818	-	-	-
Total receipts	90,091	22,683	287	-	17,459	36,235	-	1,850
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	500	-	-	-
Other services and charges	-	14,864	-	-	1,155	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	206,421	-	-	-	-	26,636	-	286
Total disbursements	206,421	14,864	-	-	1,655	26,636	-	286
Excess (deficiency) of receipts over disbursements	(116,330)	7,819	287	-	15,804	9,599	-	1,564
Cash and investments - ending	\$ 50,762	\$ 22,683	\$ 3,336	\$ 12,307	\$ 61,582	\$ 22,536	\$ 9,510	\$ 20,488

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Pre Trial Diversion	Guardian Ad Litem/Crt	Surveyor's Perpetuation	Jury Pay	Rainy Day Fund	Sales Disclosure Fund	Community Corrections Grant
Cash and investments - beginning	\$ 21,099	\$ 1,608	\$ 52,147	\$ (784)	\$ 352,407	\$ 165	\$ 6
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	38,054	-	-	-	-	107,267
Charges for services	-	-	4,790	-	-	2,210	-
Fines and forfeits	22,460	-	-	1,923	-	-	-
Other receipts	-	12,441	-	-	-	-	1,179
Total receipts	<u>22,460</u>	<u>50,495</u>	<u>4,790</u>	<u>1,923</u>	<u>-</u>	<u>2,210</u>	<u>108,446</u>
Disbursements:							
Personal services	6,189	-	-	-	-	-	108,452
Supplies	983	-	-	-	-	-	-
Other services and charges	4,749	-	-	-	29,064	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	46,457	-	52	-	2,155	-
Total disbursements	<u>11,921</u>	<u>46,457</u>	<u>-</u>	<u>52</u>	<u>29,064</u>	<u>2,155</u>	<u>108,452</u>
Excess (deficiency) of receipts over disbursements	<u>10,539</u>	<u>4,038</u>	<u>4,790</u>	<u>1,871</u>	<u>(29,064)</u>	<u>55</u>	<u>(6)</u>
Cash and investments - ending	<u>\$ 31,638</u>	<u>\$ 5,646</u>	<u>\$ 56,937</u>	<u>\$ 1,087</u>	<u>\$ 323,343</u>	<u>\$ 220</u>	<u>\$ -</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Tobacco Grant Money	Child Advocacy Fund	Levy Excess	Prosecutor's IV-D Incent #2	Clerk IV-D Incent #2	Sccc Transition	2015 Reassessment
Cash and investments - beginning	\$ 96,704	\$ 300	\$ 13,429	\$ 58,363	\$ 39,940	\$ 16,394	\$ 116,965
Receipts:							
Taxes	-	-	-	-	-	-	196,929
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	17,757	-	-	20,528	13,641	14,460	10,833
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	86,911
Total receipts	<u>17,757</u>	<u>-</u>	<u>-</u>	<u>20,528</u>	<u>13,641</u>	<u>14,460</u>	<u>294,673</u>
Disbursements:							
Personal services	6,760	-	-	4,607	-	-	38,589
Supplies	4,089	-	-	-	-	-	705
Other services and charges	1,877	-	-	-	-	-	39,193
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	7,435	5,373	20,000	-
Total disbursements	<u>12,726</u>	<u>-</u>	<u>-</u>	<u>12,042</u>	<u>5,373</u>	<u>20,000</u>	<u>78,487</u>
Excess (deficiency) of receipts over disbursements	<u>5,031</u>	<u>-</u>	<u>-</u>	<u>8,486</u>	<u>8,268</u>	<u>(5,540)</u>	<u>216,186</u>
Cash and investments - ending	<u>\$ 101,735</u>	<u>\$ 300</u>	<u>\$ 13,429</u>	<u>\$ 66,849</u>	<u>\$ 48,208</u>	<u>\$ 10,854</u>	<u>\$ 333,151</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Recorder Cashbook	County Elected Officials Training Fund	Co Cumulative Capital Development	Cumulative Bridge	Cumulative Building Fund	City And Town Court Costs	Tax Sale Redemption
Cash and investments - beginning	\$ 5,962	\$ 757	\$ 276,034	\$ 373,143	\$ 74,376	\$ 19,966	\$ 2,012
Receipts:							
Taxes	-	-	126,940	68,616	22,643	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	6,983	102,047	1,246	-	-
Charges for services	-	2,269	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	6,347	-
Other receipts	102,623	15	-	930	-	-	255,176
Total receipts	<u>102,623</u>	<u>2,284</u>	<u>133,923</u>	<u>171,593</u>	<u>23,889</u>	<u>6,347</u>	<u>255,176</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	102,463	141,109	15,687	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	66,278	-	-	-
Other disbursements	100,285	642	-	-	-	-	257,188
Total disbursements	<u>100,285</u>	<u>642</u>	<u>102,463</u>	<u>207,387</u>	<u>15,687</u>	<u>-</u>	<u>257,188</u>
Excess (deficiency) of receipts over disbursements	<u>2,338</u>	<u>1,642</u>	<u>31,460</u>	<u>(35,794)</u>	<u>8,202</u>	<u>6,347</u>	<u>(2,012)</u>
Cash and investments - ending	<u>\$ 8,300</u>	<u>\$ 2,399</u>	<u>\$ 307,494</u>	<u>\$ 337,349</u>	<u>\$ 82,578</u>	<u>\$ 26,313</u>	<u>\$ -</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Surplus Tax Fund	Sheriff Cash Book	Infraction Judgments	Inheritance Tax Fund	Special Death Benefit	Education License Plate Fee	Innkeepers Tax
Cash and investments - beginning	\$ 16,102	\$ 1	\$ 1,550	\$ 65,549	\$ 220	\$ 93	\$ -
Receipts:							
Taxes	10,332	-	-	-	-	432	215,720
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	121,697	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	28,629	-	2,740	-	-
Other receipts	1,010	475,760	-	-	-	-	-
Total receipts	<u>11,342</u>	<u>475,760</u>	<u>28,629</u>	<u>121,697</u>	<u>2,740</u>	<u>432</u>	<u>215,720</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	12,330	475,685	29,061	187,246	2,715	525	215,720
Total disbursements	<u>12,330</u>	<u>475,685</u>	<u>29,061</u>	<u>187,246</u>	<u>2,715</u>	<u>525</u>	<u>215,720</u>
Excess (deficiency) of receipts over disbursements	<u>(988)</u>	<u>75</u>	<u>(432)</u>	<u>(65,549)</u>	<u>25</u>	<u>(93)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 15,114</u>	<u>\$ 76</u>	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ -</u>	<u>\$ -</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Financial Institution Tax	Mortgage Fee Fund	Interstate Compact Fee	Cease Grant-Sheriff	DOC Reimbursement	Payroll-YMCA	Payroll-AFLAC Group Ins
Cash and investments - beginning	\$ -	\$ 155	\$ -	\$ 1,062	\$ (8,435)	\$ 9	\$ 1,446
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	62,889	-	-	-	-	-	-
Charges for services	-	1,723	-	-	-	-	-
Fines and forfeits	-	-	375	-	-	-	-
Other receipts	-	-	-	3,500	30,170	8,224	17,948
Total receipts	<u>62,889</u>	<u>1,723</u>	<u>375</u>	<u>3,500</u>	<u>30,170</u>	<u>8,224</u>	<u>17,948</u>
Disbursements:							
Personal services	-	-	-	4,494	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	62,889	1,745	313	-	21,735	8,224	15,622
Total disbursements	<u>62,889</u>	<u>1,745</u>	<u>313</u>	<u>4,494</u>	<u>21,735</u>	<u>8,224</u>	<u>15,622</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(22)</u>	<u>62</u>	<u>(994)</u>	<u>8,435</u>	<u>-</u>	<u>2,326</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ 62</u>	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 3,772</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Payroll-Humana Ancillary Ins	Payroll-Prepaid Legal	Fines & Forfeitures	HAVA	Children Health Clinic	Medicare Cost Reimbursement	Sheriff Department CASA
Cash and investments - beginning	\$ 154	\$ 252	\$ 2,372	\$ 54,334	\$ (3,629)	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	25,000	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	1,583	-	-	-	-
Other receipts	4,456	1,380	-	-	-	-	-
Total receipts	4,456	1,380	1,583	25,000	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4,204	1,632	3,936	71,403	-	-	-
Total disbursements	4,204	1,632	3,936	71,403	-	-	-
Excess (deficiency) of receipts over disbursements	252	(252)	(2,353)	(46,403)	-	-	-
Cash and investments - ending	\$ 406	\$ -	\$ 19	\$ 7,931	\$ (3,629)	\$ -	\$ -

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Redevelopment Trust	Prosecutor Bad Check	Prosecutor Investigation	Prosecutor Arson	County Offender Transportation	Rural Demonstration Grant	Payroll-Washington County Clerk
Cash and investments - beginning	\$ 1	\$ 11,094	\$ 782	\$ 1,472	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	5,311	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	375	-	-
Other receipts	-	4,915	7,538	-	-	-	742
Total receipts	-	4,915	7,538	-	375	5,311	742
Disbursements:							
Personal services	-	-	-	-	-	5,311	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	4,096	6,060	36	63	-	742
Total disbursements	-	4,096	6,060	36	63	5,311	742
Excess (deficiency) of receipts over disbursements	-	819	1,478	(36)	312	-	-
Cash and investments - ending	<u>\$ 1</u>	<u>\$ 11,913</u>	<u>\$ 2,260</u>	<u>\$ 1,436</u>	<u>\$ 312</u>	<u>\$ -</u>	<u>\$ -</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Payroll Garnishment-Jackson County	Insurance Rebate	Scott County Hospital Reserve Fund	Clerk-Odyssey	Clerk-ISETS	Clerk-PayGov	Clerk-Cash Change
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 260,948	\$ 15,284	\$ 7,315	\$ 100
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	902	54,877	7,312,803	1,560,195	595,734	17,528	-
Total receipts	902	54,877	7,312,803	1,560,195	595,734	17,528	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	902	-	-	1,147,814	599,841	20,788	-
Total disbursements	902	-	-	1,147,814	599,841	20,788	-
Excess (deficiency) of receipts over disbursements	-	54,877	7,312,803	412,381	(4,107)	(3,260)	-
Cash and investments - ending	\$ -	\$ 54,877	\$ 7,312,803	\$ 673,329	\$ 11,177	\$ 4,055	\$ 100

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Transfer Station-Petty Cash	Sheriff Inmate Trust Fund	Treasurer	Cemetery	Probation Users Fees	Family And Children	Law Enforcement Fund
Cash and investments - beginning	\$ 150	\$ 16,124	\$ 702,123	\$ 442	\$ (1,454)	\$ 2,193	\$ 36,339
Receipts:							
Taxes	-	-	-	6,862	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	377	-	-	-
Charges for services	-	-	-	1,000	-	-	-
Fines and forfeits	-	-	-	-	136,925	-	80
Other receipts	-	432,751	505,066	-	-	-	-
Total receipts	-	432,751	505,066	8,239	136,925	-	80
Disbursements:							
Personal services	-	-	-	1,239	106,563	-	-
Supplies	-	-	-	1,387	2,133	-	952
Other services and charges	-	-	-	4,060	5,126	-	11,129
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,615
Other disbursements	-	431,476	702,124	-	94	-	-
Total disbursements	-	431,476	702,124	6,686	113,916	-	13,696
Excess (deficiency) of receipts over disbursements	-	1,275	(197,058)	1,553	23,009	-	(13,616)
Cash and investments - ending	\$ 150	\$ 17,399	\$ 505,065	\$ 1,995	\$ 21,555	\$ 2,193	\$ 22,723

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Infraction Deferral	Drug Interdiction Officer	Riverboat Revenue Sharing	Drainage Board Users Fee	Operation Pullover	Homeland Security Gt	Child Restraint
Cash and investments - beginning	\$ 25,427	\$ (11,536)	\$ -	\$ 17,762	\$ 903	\$ 4,382	\$ 75
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	2,000	-	-	-
Intergovernmental	-	8,625	143,246	-	8,893	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	4,081	-	-	-	-	-	900
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>4,081</u>	<u>8,625</u>	<u>143,246</u>	<u>2,000</u>	<u>8,893</u>	<u>-</u>	<u>900</u>
Disbursements:							
Personal services	-	27,363	-	-	11,805	-	-
Supplies	999	-	-	-	-	-	-
Other services and charges	4,182	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	143,246	2,151	-	-	950
Total disbursements	<u>5,181</u>	<u>27,363</u>	<u>143,246</u>	<u>2,151</u>	<u>11,805</u>	<u>-</u>	<u>950</u>
Excess (deficiency) of receipts over disbursements	<u>(1,100)</u>	<u>(18,738)</u>	<u>-</u>	<u>(151)</u>	<u>(2,912)</u>	<u>-</u>	<u>(50)</u>
Cash and investments - ending	<u>\$ 24,327</u>	<u>\$ (30,274)</u>	<u>\$ -</u>	<u>\$ 17,611</u>	<u>\$ (2,009)</u>	<u>\$ 4,382</u>	<u>\$ 25</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Cedit Homestead Credit Fund	Public Defender Supplies	Probation Admin Fee Fund	Vehicle Accident Fund	Vehicle Id Num Check Fund	Community Corrections	Settlement Balance
Cash and investments - beginning	\$ 13,764	\$ 35,926	\$ 2,334	\$ 1	\$ 200	\$ (12,781)	\$ -
Receipts:							
Taxes	540,843	-	-	-	-	-	19,819,975
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	80,669	-
Charges for services	-	-	-	1,913	760	-	-
Fines and forfeits	-	12,182	27,845	-	-	-	-
Other receipts	-	-	-	-	-	55,273	-
Total receipts	<u>540,843</u>	<u>12,182</u>	<u>27,845</u>	<u>1,913</u>	<u>760</u>	<u>135,942</u>	<u>19,819,975</u>
Disbursements:							
Personal services	-	-	28,451	-	-	123,161	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	502,431	-	-	-	-	-	19,819,975
Total disbursements	<u>502,431</u>	<u>-</u>	<u>28,451</u>	<u>-</u>	<u>-</u>	<u>123,161</u>	<u>19,819,975</u>
Excess (deficiency) of receipts over disbursements	<u>38,412</u>	<u>12,182</u>	<u>(606)</u>	<u>1,913</u>	<u>760</u>	<u>12,781</u>	<u>-</u>
Cash and investments - ending	<u>\$ 52,176</u>	<u>\$ 48,108</u>	<u>\$ 1,728</u>	<u>\$ 1,914</u>	<u>\$ 960</u>	<u>\$ -</u>	<u>\$ -</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Coit From State	Co Corrections Grant	Local Health Maintenance	Scott County Tif District	Comm Corr/Proj Income	Surcharge 911 Fund	Coroners Perpetuation
Cash and investments - beginning	\$ -	\$ (22,441)	\$ 59,618	\$ 864,545	\$ 52,727	\$ 395,398	\$ 175
Receipts:							
Taxes	3,405,693	-	-	311,007	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	31,550	32,672	-	-	-	-
Charges for services	-	-	-	-	-	187,103	1,820
Fines and forfeits	-	-	-	-	205,011	-	-
Other receipts	-	-	-	-	683	100	-
Total receipts	<u>3,405,693</u>	<u>31,550</u>	<u>32,672</u>	<u>311,007</u>	<u>205,694</u>	<u>187,203</u>	<u>1,820</u>
Disbursements:							
Personal services	-	-	31,331	-	29,921	-	-
Supplies	-	-	1,186	-	19,347	-	-
Other services and charges	-	-	-	75,310	125,728	89,687	-
Debt service - principal and interest	-	-	-	87,500	-	-	-
Capital outlay	-	-	-	-	15,500	-	-
Other disbursements	<u>3,405,693</u>	<u>31,500</u>	<u>-</u>	<u>-</u>	<u>4,729</u>	<u>492,914</u>	<u>1,813</u>
Total disbursements	<u>3,405,693</u>	<u>31,500</u>	<u>32,517</u>	<u>162,810</u>	<u>195,225</u>	<u>582,601</u>	<u>1,813</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>50</u>	<u>155</u>	<u>148,197</u>	<u>10,469</u>	<u>(395,398)</u>	<u>7</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (22,391)</u>	<u>\$ 59,773</u>	<u>\$ 1,012,742</u>	<u>\$ 63,196</u>	<u>\$ -</u>	<u>\$ 182</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Prosecutors Ivd Impact Grt	Reassessment	Wireless E911 Dist Fund	Prosecutor Sane Project	Sasco Waste Management	Prosecutors Jabig	Jail Revenue
Cash and investments - beginning	\$ 15,414	\$ 124,623	\$ 287,718	\$ (2,749)	\$ 53,124	\$ (1,124)	\$ 961,794
Receipts:							
Taxes	-	-	-	-	-	-	840,974
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	54,398	-	71,880	-	4,525
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	2,749	-	-	-
Total receipts	-	-	54,398	2,749	71,880	-	845,499
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	37,703	-	-	88,915	-	615,394
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	234,471
Other disbursements	-	86,860	342,116	-	-	-	-
Total disbursements	-	124,563	342,116	-	88,915	-	849,865
Excess (deficiency) of receipts over disbursements	-	(124,563)	(287,718)	2,749	(17,035)	-	(4,366)
Cash and investments - ending	\$ 15,414	\$ 60	\$ -	\$ -	\$ 36,089	\$ (1,124)	\$ 957,428

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Comm Vehicle Excise Tax	Co Abandoned Vehicle	Finley Water Project	Bioterrorism (Hd)	Violence Agnst Women	Title 3 Require Match Hd	Emergency Gas Award
Cash and investments - beginning	\$ -	\$ 200	\$ 7,250	\$ (2,409)	\$ (11,382)	\$ 2,598	\$ 350
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	54,641	-	-	10,378	19,510	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>54,641</u>	<u>-</u>	<u>-</u>	<u>10,378</u>	<u>19,510</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	10,022	-	-
Supplies	-	-	-	6,968	-	-	-
Other services and charges	-	-	-	3,881	9,001	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	5,780	-	-	-
Other disbursements	54,641	-	-	-	-	-	-
Total disbursements	<u>54,641</u>	<u>-</u>	<u>-</u>	<u>16,629</u>	<u>19,023</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,251)</u>	<u>487</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 7,250</u>	<u>\$ (8,660)</u>	<u>\$ (10,895)</u>	<u>\$ 2,598</u>	<u>\$ 350</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Co Id Sec Protection Ac	Sheriff Dept Firearm/Eq	H1N1 2009 Swine Flu Dis	Edward Byrne Memorial Grant	Children's Health Clinic User	Real Estate Proceeds	Law Enforcement Education
Cash and investments - beginning	\$ 40,118	\$ 10	\$ 1,920	\$ 13	\$ 588	\$ 11	\$ 13,267
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	2,269	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	3,511
Other receipts	-	-	-	-	-	-	-
Total receipts	2,269	-	-	-	-	-	3,511
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	1,906
Total disbursements	-	-	-	-	-	-	1,906
Excess (deficiency) of receipts over disbursements	2,269	-	-	-	-	-	1,605
Cash and investments - ending	\$ 42,387	\$ 10	\$ 1,920	\$ 13	\$ 588	\$ 11	\$ 14,872

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Tax Sale Surplus Fund	Finger Printer Grant	Prosecutor Arra Fund	Clerk Arra Fund	Probat Informatl Adjt	Courthouse Debt Service	Just Property Bond Debt
Cash and investments - beginning	\$ 138,457	\$ 6,579	\$ 4,072	\$ 7,993	\$ 13,115	\$ (13,710)	\$ 515,642
Receipts:							
Taxes	-	-	-	-	-	489,920	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	26,951	-
Charges for services	-	4,989	-	-	-	-	-
Fines and forfeits	-	-	-	-	1,345	-	-
Other receipts	404,704	-	-	-	-	-	6,000
Total receipts	<u>404,704</u>	<u>4,989</u>	<u>-</u>	<u>-</u>	<u>1,345</u>	<u>516,871</u>	<u>6,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	950	1,000
Debt service - principal and interest	-	-	-	-	-	333,955	226,050
Capital outlay	-	-	-	-	-	-	-
Other disbursements	212,541	-	-	-	-	2,045	-
Total disbursements	<u>212,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,950</u>	<u>227,050</u>
Excess (deficiency) of receipts over disbursements	<u>192,163</u>	<u>4,989</u>	<u>-</u>	<u>-</u>	<u>1,345</u>	<u>179,921</u>	<u>(221,050)</u>
Cash and investments - ending	<u>\$ 330,620</u>	<u>\$ 11,568</u>	<u>\$ 4,072</u>	<u>\$ 7,993</u>	<u>\$ 14,460</u>	<u>\$ 166,211</u>	<u>\$ 294,592</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Real Estate Transaction	American Family Life Insurance	Group Health	Surplus Dog Fund	Payroll Cagit	Payroll Federal	Payroll State Gross
Cash and investments - beginning	\$ 23,726	\$ 152	\$ 16,941	\$ 1,366	\$ 2,982	\$ 14,703	\$ 45,997
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	470,049	166,314
Total receipts	-	-	-	-	-	470,049	166,314
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	487,359	172,695
Total disbursements	-	-	-	-	-	487,359	172,695
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(17,310)	(6,381)
Cash and investments - ending	<u>\$ 23,726</u>	<u>\$ 152</u>	<u>\$ 16,941</u>	<u>\$ 1,366</u>	<u>\$ 2,982</u>	<u>\$ (2,607)</u>	<u>\$ 39,616</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Payroll Social Security	Payroll Group Health Ins	Ambulance Service	Payroll Medicare	Payroll Police Pension	Payroll Defer Comp	Payroll Cancer Ins
Cash and investments - beginning	\$ 5,800	\$ 19,672	\$ 686,699	\$ 2,144	\$ 1,816	\$ 1,908	\$ (882)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	1,187,135	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	524,610	167,133	4,551	145,779	15,231	384,054	44,397
Total receipts	<u>524,610</u>	<u>167,133</u>	<u>1,191,686</u>	<u>145,779</u>	<u>15,231</u>	<u>384,054</u>	<u>44,397</u>
Disbursements:							
Personal services	-	-	854,632	-	-	-	-
Supplies	-	-	64,253	-	-	-	-
Other services and charges	-	-	308,963	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	54,067	-	-	-	-
Other disbursements	532,294	149,841	7,247	148,428	15,914	384,054	44,573
Total disbursements	<u>532,294</u>	<u>149,841</u>	<u>1,289,162</u>	<u>148,428</u>	<u>15,914</u>	<u>384,054</u>	<u>44,573</u>
Excess (deficiency) of receipts over disbursements	<u>(7,684)</u>	<u>17,292</u>	<u>(97,476)</u>	<u>(2,649)</u>	<u>(683)</u>	<u>-</u>	<u>(176)</u>
Cash and investments - ending	<u>\$ (1,884)</u>	<u>\$ 36,964</u>	<u>\$ 589,223</u>	<u>\$ (505)</u>	<u>\$ 1,133</u>	<u>\$ 1,908</u>	<u>\$ (1,058)</u>

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Payroll Metro Life	Payroll Life Ins	Payroll Vision	Payroll United Way	Payroll Perf	Payroll Boston Mutual	Payroll Conseco
Cash and investments - beginning	\$ 69	\$ (769)	\$ 393	\$ -	\$ 34,541	\$ 1,483	\$ 397
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	10,052	578	949	122,592	11,537	2,266
Total receipts	-	10,052	578	949	122,592	11,537	2,266
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	9,983	676	949	134,478	11,564	2,665
Total disbursements	-	9,983	676	949	134,478	11,564	2,665
Excess (deficiency) of receipts over disbursements	-	69	(98)	-	(11,886)	(27)	(399)
Cash and investments - ending	\$ 69	\$ (700)	\$ 295	\$ -	\$ 22,655	\$ 1,456	\$ (2)

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Payroll Garn Scott Co	Payroll Garnishment State	Payroll E Loan Pmt	Payroll Cedit	Payroll Property Tax Wh	Hea 1001 State Hsc 2008	Co Share Sales Disclosure
Cash and investments - beginning	\$ 14	\$ 771	\$ (446)	\$ 3	\$ -	\$ -	\$ 25,173
Receipts:							
Taxes	-	-	-	-	-	192	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	2,360
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	4,103	20,060	49,587	-	11,847	-	-
Total receipts	4,103	20,060	49,587	-	11,847	192	2,360
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4,103	20,831	49,566	-	11,847	-	-
Total disbursements	4,103	20,831	49,566	-	11,847	-	-
Excess (deficiency) of receipts over disbursements	-	(771)	21	-	-	192	2,360
Cash and investments - ending	\$ 14	\$ -	\$ (425)	\$ 3	\$ -	\$ 192	\$ 27,533

SCOTT COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Payroll-Bankruptcy Fed	Payroll-Flex One	Payroll-Local Taxes	Payroll-Liberty Natl Ins	Sheriff Commissary	Assessor's Petty Cash	Totals
Cash and investments - beginning	\$ -	\$ (3,577)	\$ 25,736	\$ 378	\$ 57,035	\$ 25	\$ 8,953,924
Receipts:							
Taxes	-	-	-	-	-	-	31,398,173
Licenses and permits	-	-	-	-	-	-	35,074
Intergovernmental	-	-	-	-	-	-	2,482,892
Charges for services	-	-	-	-	-	-	2,103,928
Fines and forfeits	-	-	-	-	-	-	641,644
Other receipts	3,865	-	65,504	1,207	78,404	384	15,584,592
Total receipts	3,865	-	65,504	1,207	78,404	384	52,246,303
Disbursements:							
Personal services	-	-	-	-	-	-	7,449,027
Supplies	-	-	-	-	-	-	564,030
Other services and charges	-	-	-	-	-	-	3,227,031
Debt service - principal and interest	-	-	-	-	-	-	680,997
Capital outlay	-	-	-	-	-	-	546,268
Other disbursements	3,865	-	68,098	1,399	71,898	384	32,209,732
Total disbursements	3,865	-	68,098	1,399	71,898	384	44,677,085
Excess (deficiency) of receipts over disbursements	-	-	(2,594)	(192)	6,506	-	7,569,218
Cash and investments - ending	\$ -	\$ (3,577)	\$ 23,142	\$ 186	\$ 63,541	\$ 25	\$ 16,523,142

SCOTT COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Ford Credit Company	Vehicle Lease (3)	\$ 25,214	07-11-11	07-11-13
Ford Motor Credit Company	Vehicle Lease (1)	8,277	12-06-11	06-06-14
Scott County Courthouse Building Corporation	Courthouse Renovation/Addition	<u>336,000</u>	12-31-03	06-30-16
Total governmental activities		<u>369,491</u>		
Total of annual lease payments		<u>\$ 369,491</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Land purchase for economic development in County	\$ 215,000	\$ 113,300
Revenue bonds	Funding infrastructure for Austin Tri-Hawk	<u>165,000</u>	<u>89,900</u>
Total governmental activities		<u>380,000</u>	<u>203,200</u>
Totals		<u>\$ 380,000</u>	<u>\$ 203,200</u>

SCOTT COUNTY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 9,177,346
Machinery, equipment, and vehicles	<u>1,144,376</u>
Total governmental activities	<u>10,321,722</u>
Total capital assets	<u>\$ 10,321,722</u>

SCOTT COUNTY  
OTHER REPORT

The annual report presented herein was prepared in addition to the other official report prepared for the individual County office listed below:

County Auditor

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF SCOTT COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited Scott County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Basis for Qualified Opinion on Child Support Enforcement***

As described in item 2012-007 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; and Reporting that are applicable to its Child Support Enforcement Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Basis for Qualified Opinion on Law Enforcement Support Office  
(LESO) 1033 Program – Donation of Federal Surplus Property***

As described in item 2012-005, in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Equipment and Real Property Management that are applicable to Law Enforcement Support Office (LESO) 1033 Program - Donation of Federal Surplus Property. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

***Qualified Opinion on Child Support Enforcement and Law Enforcement Support  
Office (LESO) 1033 Program – Donation of Federal Surplus Property***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraphs, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Support Enforcement and Law Enforcement Support Office (LESO) 1033 Program – Donation of Federal Surplus Property for the year ended December 31, 2012.

***Other Matters***

The County's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-005 and 2012-006 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

February 12, 2014

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

SCOTT COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
ARRA - State Broadband Data and Development Grant Program	Indiana Office of Technology	11.558	Calendar Year 2012	\$ 2,000
Total - Department of Commerce				<u>2,000</u>
<u>Department of Defense</u>				
Law Enforcement Support Office (LESO) 1033 Program - Donation of Federal Surplus Property	Indiana Department of Administration	12.Unknown	Calendar Year 2012	382,785
Total - Department of Defense				<u>382,785</u>
<u>Department of Justice</u>				
Violence Against Women Formula Grants Drug Interdiction	Indiana Criminal Justice Institute	16.588	2010-WF-AX-0022	8,625
Violence Against Women Formula Grants			2010-WF-AX-0022	<u>19,510</u>
Total - Department of Justice				<u>28,135</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Boatman Road Project	Indiana Department of Transportation	20.205	DES 1005948 DES 0810577	65,663 <u>32,610</u>
Total - Highway Planning and Construction Cluster				<u>98,273</u>
Highway Safety Cluster State and Community Highway Safety OPO Rural Demonstration Grant	Indiana Department of Transportation	20.600	Calendar Year 2012 Calendar Year 2012	8,823 <u>5,311</u>
Total - Highway Safety Cluster				<u>14,134</u>
Total - Department of Transportation				<u>112,407</u>
<u>Department of Health and Human Services</u>				
Hospital Prepared Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana Department of Homeland Security	93.074	1U90TP000521-01	<u>10,378</u>
Child Support Enforcement Prosecutor Reimbursements Clerk Reimbursements Court Reimbursements IV-D Indirect Costs Child Support Incentives	Indiana Department of Child Services	93.563	Child Support 2012 Child Support 2012 Child Support 2012 Child Support 2012 Child Support 2012	106,183 38,852 19,641 70,590 <u>19,070</u>
Total - Child Support Enforcement				<u>254,336</u>
State Court Improvement Program	Indiana Supreme Court	93.586	Calendar year 2012	<u>17,760</u>
Voting Access for Individuals with Disabilities - Grants to States HAVA	Secretary of State of Indiana	93.617	Calendar Year 2012	<u>25,000</u>
Total - Department of Health and Human Services				<u>297,096</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	Calendar Year 2012	<u>10,202</u>
Emergency Management Performance Grants EMA Grant	Indiana Department of Homeland Security	97.042	2010-EP-00-0005	<u>31,180</u>
Total - Department of Homeland Security				<u>41,382</u>
Total federal awards expended				<u>\$ 874,183</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

SCOTT COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Scott County (County) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Noncash Assistance**

The County expended the following amount of noncash assistance for the year ending December 31, 2012. This noncash assistance is also included in the federal expenditures presented in the schedule, and is valued at 22 percent of the Department of Defense acquisition cost.

Program Title	Federal CFDA Number	2012
Law Enforcement Support Office (LESO) 1033 Program - Donation of Federal Surplus Property	12.Unknown	\$ 382,785

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
12.Unknown	Law Enforcement Support Office (LESO) 1033 Program – Donation of Federal Surplus Property
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2012-001 - INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Schedule of Expenditures of Federal Awards (SEFA) provided for audit was inaccurate. The following errors found in the SEFA are described below:

1. The schedule did not include all expenditures from four federal programs which resulted in the SEFA presented for audit to be understated by \$425,811 in federal expenditures. The grants omitted by program included the following (listed by Catalog of Federal Domestic Assistance (CFDA) number): 11.558; 12.Unknown; 93.586; and 93.617. Adjustments were recorded and approved by County's management for presentation in this report.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. Five programs did not identify correctly the type of grant – advance or reimbursement grant. As a result, the wrong amount was used for the federal expenditures for those programs. Adjustments to reduce the grants reported by \$84,088 were recorded and approved by County's management for presentation in this report.
3. The grants were not always properly classified as intergovernmental revenue when recorded. In most instances, the grants were classified as miscellaneous revenues or lumped together with other receipt types, such as charges for services. Due to the incorrect classification, not all grant funds were identified as grant funds and reported on the SEFA.
4. Four of the programs on the schedule either had the incorrect CFDA number or the CFDA number was omitted. Three programs did not include the federal grantor agency or the pass-through agency and several programs were not identified using the correct program title.

Each County department is responsible for overseeing the grants it received. Department staff responsible for the administration and reporting of federal awards did not always provide accurate information for the preparation of the SEFA to the County Auditor's Office.

The County Auditor's Office is responsible for preparing the SEFA which is based upon the grant information obtained from the financial accounting records and other information provided by each department. A review of the County Auditor's files determined that grant award letters, grant applications, grant budgets, financial reports, and other grant documents were not always provided by the various departments. These documents are necessary for the Finance Department to obtain required information for the SEFA, such as CFDA titles and numbers, and to assist in identifying federal grants.

The various County Departments were unaware or lacked the understanding of the importance of sharing and providing the information for the SEFA. The lack of submission of grant documents and accurate information by the various departments to the County Auditor's Office weakens internal controls over grant reporting and hinders the ability of the County Auditor's Office to accurately prepare the SEFA. In addition, identifying the grant award number and the grant transactions by grant year is essential for SEFA preparation.

County officials did not have internal controls over the process to ensure that someone other than the person who prepared the SEFA worksheet reviewed the information, and reconciled the grant funds on the financial ledger to the amounts reported on the SEFA worksheet. There was also no reconciliation between the amounts that were recorded on the SEFA and the grant award amounts.

Internal controls should be designed to prevent, detect or correct, errors in a timely manner. Without adequate controls, the County cannot provide reasonable assurance that the SEFA is fairly presented. Controls have not been established by the County to ensure complete and accurate reporting of the SEFA.

The determination of which major programs will be audited and the audit costs are affected by the accuracy of the SEFA. Failure to develop internal controls over reporting could jeopardize future federal funding and report its financial information inaccurately.

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.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity. . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

***FINDING 2012-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - COUNTY AUDITOR***

Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement. County Officials have not separated incompatible activities related to all areas of the financial statement. The failure to establish these controls could enable material misstatements to be undetected.

***Preparation of the County's Annual Financial Report*** - County Officials did not have sufficient internal controls over the preparation of the County's Annual Financial Report. County departments, who had financial records, prepared their own supplemental Annual Report to be included with the Annual Financial Report. There were several errors and/or differences noted on these supplemental Annual Reports. Also, the County Auditor compiled all of the information and also inputs it into the Annual Financial Report's software. There is no other review of the information or comparison to the prior year's Annual Financial Report's ending balances. The Annual Financial Report was used to prepare the financial statement presented in this report.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The County Auditor's employee processed the County payroll. This employee was also responsible for calculating and making all employee and employer benefit payments. Supporting documentation for these payments was retained in the payroll files; however, no review of the documentation was completed by another employee, nor were the checks and/or electronic payments compared to the supporting documentation by any other County employee. There was no independent verification for ensuring that the payroll system reports agreed to the amounts that were processed for direct deposits. No review or approval was conducted of changes made to the payroll amounts or on the payroll employee's own employee earnings, deductions, or W-2. There was no independent verification for ensuring that the payroll system reports agreed to the amounts that were processed for direct deposits.

In addition, there was no review and/or analysis of the payroll withholding funds for 2012 to ensure that the funds were posted properly and that the balances, if any, were correct and owed for unpaid and/or outstanding obligations.

**Accounts Payable Vouchers** - The employee in the Auditor's Office who processed all accounts payable vouchers for all departments, which included issuing checks, also prepared the vouchers for the Auditor's Office as well as some other departments. This resulted in a segregation of duties issue since the same employee should not approve and process accounts payable vouchers, and issue the checks for those vouchers. Accounts payable vouchers should show evidence of the receipt of goods/services and should be reviewed and approved by someone other than the person processing the vouchers and issuing the checks for those vouchers.

There was an instance noted of an accounts payable voucher payment that included a prior period balance. There was evidence someone reviewed the account attached to the voucher; there was a copy of the previously issued check attached to the voucher; however, no one followed through to resolve the issue of the prior period balance. Based on review of the accounts payable vouchers for that same vendor, there were subsequent payments to this vendor that did not appear to be correct, due in part to prior balances and payments that had been made. At a later date, the vendor contacted County Officials to let them know that the vendor was holding that original check and needed to know an account number in order to credit the payment. The vendor gave the County credit for the payment at a later date. In another instance, a duplicate payment for a capital lease payment for a mail machine was made. The vendor gave the County credit for this payment.

In addition, during testing of the accounts payable vouchers, we noted that there were a few instances where there was no departmental signature on the vouchers; also, it was noted that there were notes attached to some accounts payable vouchers that either signatures were still required, or that supporting documentation was still required. There was no evidence that these issues had been followed up on and resolved.

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2012-003 - INTERNAL CONTROLS OVER FINANCIAL  
TRANSACTIONS AND REPORTING - COUNTY TREASURER***

We noted several deficiencies in the internal control system of the County Treasurer related to financial transactions and reporting:

The Treasurer's staff used software to process the property tax and related payments. The Cash Book Bookkeeper indicated that she agreed the totals per the tax software report to date totals for each category to the Cash Book balances; however, there was no documentation of that review.

At times, all of the Treasurer's staff collected property tax and other payments. During part of the year, the staff shared one cash drawer. As a result, there was no separate accountability in case of errors, shortages, or cash long situations during those times. Also, based on the review of the Treasurer's staff procedures, they indicated that someone verified that the actual deposits agreed to the daily software report totals. There should be verification, by someone other than the person balancing and/or preparing the deposits, that the amounts deposited agree to the daily collections, and that the deposit composition agrees to the software detailed reports. There was not sufficient documentation retained to prove that those reconcilements or verifications actually were done.

Bank reconcilements were completed for individual bank accounts; however, no combined bank reconciliation was prepared, which would tie all the individual bank reconcilements to the Treasurer's Cash Book. In addition, not all of the bank reconcilements and supporting paperwork could be located nor was there evidence that the bank reconcilements were reviewed and approved by someone other than the person who prepared them.

There was a lack of internal controls over posting to the Cash Book, and it wasn't always possible to determine what day a specific item was posted. There were inadequate controls over the receipts and disbursements posted to ensure that all transactions are posted timely and in the correct amounts. We noted several instances where a handwritten note was the only supporting documentation for some payroll benefit payments.

We noted that there was an adjustment of \$285,321.60 posted on June 29, 2012, to the Treasurer's other sources section of the Cash Book. The Bookkeeper was unable to tell us what the adjustment was for. An amount of \$285,321.60 was subsequently posted as of July 9, 2012. We determined that the amount posted on June 28, 2012, for \$8,030,334.22, was different than the actual quietus (#11423) which was in the amount of \$8,332,342.23, a difference of \$302,008.66. Based on a review of the settlement paperwork and a notation on the Cash Book for July 9, excise tax due to the state of \$303,685.14 had not been posted on June 28, 2012. This was corrected on July 9, 2012. There were also a few other corrections which related to the June settlement other sources' balances that were made on July 9, 2012.

We noted that there were adjustments made on the Treasurer's Cash Book for non-sufficient fund checks, service charges, and other items but were generally only notes on the Cash Book. There wasn't a sufficient audit trail to document the entire process from the bank's return of those checks, through to the final resolution as to whether the check was replaced with cash, or whether the payment was removed from the tax software. There was no procedure set up to document such adjustments. There should be a review/ approval process in place for adjustments that need to be made to the Treasurer's Cash Book. A file or log of significant adjustments or other issues during the year should be retained in order to provide audit information.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the Treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested and cash on hand, and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts. [IC 36-2-9-11 and 36-2-10-16] (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

***FINDING 2012 - 004 - INTERNAL CONTROLS OVER FINANCIAL  
TRANSACTIONS AND REPORTING - CLERK OF THE CIRCUIT COURT***

We noted several deficiencies in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting:

There were some trust items on hand at the beginning of 2012 from their old software system. Those balances and the disbursements of those items were not included as part of their bank reconcilements as a part of the Clerk's Monthly Reports during 2012. Those balances were also not accounted for on the Clerk's funds in the County's financial statement for 2012. During the year, the trust items were either paid out or receipted into their new Odyssey software as trust items.

Several staff members collected money and utilized the same cash drawers for the Clerk's collections. As a result, there was no separate accountability in case of errors, shortages, or cash long situations. The two bookkeepers also collected and receipted money, made adjustments, made up deposits, ran daily reports, issued checks, and prepared the bank reconcilements and the monthly financial reports.

There also was a lack of segregation of duties in that someone other than the persons who made up the deposits and processed the daily reports did not verify and document that the amounts being deposited agreed both to the total amount of receipts for that day and the composition of the deposit agreed to the software reports for both the Clerk's collections and the child support

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

collections. During testing of daily collections for child support, there were several days' deposits for which the composition of the deposits did not agree to the software totals. There was no documentation noted on those days' paperwork as to why the composition was different.

Credit card payments to the Clerk's Office were not being reconciled properly. These payments were being receipted promptly; however, in order to reconcile these payments, each individual credit card payment needed to be traced individually from the original payment through to the electronic funds deposit made by the credit card vendor. A separate bank account was being used for the credit card payments. Subsequent transfers were made from this bank account to the Clerk's regular operating bank account on a monthly basis; however, there were unidentified credit card payment funds left in the bank account due to not properly reconciling the credit card payments as they were being deposited within the bank account. Due to the method used to deposit the credit card payments, a deposit could be made up of credit card payments from two different months could result in part of a deposit being considered a deposit in transit. There was no evidence that bank reconciliements or monthly reports were reviewed and approved by someone other than the persons who prepared them.

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.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

***Section III – Federal Award Findings and Questioned Costs***

***FINDING 2012-005 - INTERNAL CONTROLS OVER EQUIPMENT AND REAL PROPERTY***

Federal Agency: Department of Defense

Federal Program: Law Enforcement Support Office (LESO) 1033 Program –  
Donation of Federal Surplus Property

CFDA Number: 12.Unknown

Federal Award Number and Year (or Other Identifying Number): Calendar Year 2012

Pass-Through Entity: Indiana Department of Administration

Management of the County has not established effective internal control systems, which would include segregation of duties, related to Equipment and Real Property compliance requirement. The same individual requested the equipment, signed off on the authorization form, picked up or received the equipment, maintained all supporting documentation, maintained contact and correspondence with the state and federal agencies, and did most of the inventory processes.

The inventory paperwork retained did not contain sufficient information to determine when the inventories were actually performed, what procedures were utilized, which person(s) did the actual inventory process, a certification to indicate that they had performed the inventory, and what was done with the inventory printouts (whether the entire printout was returned to the Indiana Department of Administration (IDOA) or whether only the exceptions were communicated to the IDOA).

The C-5 authorization forms (request form for property, which contained the law enforcement agency's signature) were not retained.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

No County policies and procedures had been developed to ensure that all surplus federal property would be properly accounted for as the property became the County's. In addition, the County's spreadsheet for the federal surplus property contained approximately 300 items, many of those items were small items or multiples of an item and would not be considered a capital asset per the County's policy.

Indiana State and Federal Surplus State of Indiana 1033 Program, Policies and Procedures Memorandum of Agreement states in part:

"Terms and Conditions: . . . Utilization of property: Property received through the 1033 Program must be placed into use within one (1) year of receipt and utilized for a minimum of one (1) year, unless the condition renders it unusable. If property is not placed in use within one (1) year of receipt, it must be transferred to another authorized agency, or returned to a DRMO. . . .

The law enforcement agency will: . . . d. Control and maintain accurate records on all property obtained under this plan. These records must provide an "audit trail" for individual items of property from receipt to distribution. These documents include but are not limited to the following: DRMS Form 103 with all justifications or printouts of automated requests, . . .

l. LEAs must be aware of their responsibilities under the Single Audit Act of 1984, as amended (31 U.S.C. 7501-7). . . .

n. Obtain reconciliation reports from the State Coordinator and conduct monthly and annual reconciliations. Provide reconciliation results to the State Coordinator. . . .

p. Conduct inventory reconciliations and provide inventory reconciliation results electronically to the State Coordinator within 10 working days of the monthly or annual reconciliation process. Maintain a signed copy of all property reconciliation documentation received through the 1033 Program. . . ."

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal controls system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

32 CFR 33.32(d) states in part:

- "(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated . . ."

Failure to maintain detailed and accurate equipment and property records, to perform a physical inventory, and to reconcile a physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the Equipment and Real Property compliance requirement noted above that has a direct and material effect on the program.

***FINDING 2012-006 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON CHILD SUPPORT ENFORCEMENT***

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): Child Support 2012  
Pass-Through Entity: Indiana Department of Child Services

Management of the County had not established effective internal control systems, which would include segregation of duties, related to the grant agreements and compliance requirements that have a direct and material effect on the Child Support Enforcement program. This includes the compliance requirements for Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Period of Availability of Federal Funds; and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreements and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

***Monthly Expense Claims for Title IV-D, Clerk of the Circuit Court Expenditures (Claim for Reimbursement)*** The Clerk of the Circuit Court's Office relied upon a paid consultant to prepare the monthly expense claims and assist the Clerk in ensuring compliance with the Title IV-D program. Copies of the County's financial ledgers, invoices, and payroll information were provided to the consultant by the Clerk and the County Auditor's staff. The Clerk's Office relied upon the consultant's expertise with the Title IV-D program to provide guidance. There was no evidence that the former Clerk reviewed the monthly expense claims and the supporting documentation prior to signing the expense claims and submitting it for reimbursement. The supporting documentation for the monthly expense claims had to be obtained from the consultant for audit testing purposes.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Indirect Cost Allocation Plan** - The County relied upon a paid consultant to prepare their indirect cost allocation plan. This consultant requested financial and other pertinent information from the County to complete the cost allocation plan. This plan determined the amount of indirect costs that the County was eligible to receive. The actual amount of indirect costs reimbursed to the County for 2012 totaled \$70,590. The County Auditor signed off on the indirect cost report prepared by the consultant from the County's records. There was no evidence that County officials had reviewed the indirect cost allocation plan for accuracy.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to be properly informed of the grant compliance requirements and ensure consultants are monitored. This is accomplished by ensuring that proper oversight, reviews, and approvals take place and having a separation of functions over certain activities related to the program.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreements and the compliance requirements noted above that have a direct and material effect on the Child Support Enforcement program.

**FINDING 2012-007 - NONCOMPLIANCE OVER ACTIVITIES ALLOWED OR UNALLOWED;  
ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND REPORTING**

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): Child Support 2012

Pass-Through Entity: Indiana Department of Child Services

**Activities Allowed or Unallowed and Allowable Costs/Cost Principles**

*IV-D Administration expenditures:* The IV-D Administrator used 100 percent of the employer share of the medical benefits for one of their staff. However, his time for IV-D was reported as 27 percent of his total hours worked. For the months of January through October 2012, the total amount of medical benefits for this staff person charged to the IV-D program reimbursements was \$8,587.90, and at the FFP rate of 66 percent, \$5,668.01 was actually reimbursed to the County. Using the total medical benefits employer share of \$8,587.90 at 27 percent (his actual IV-D hours worked) results in \$2,295.70 allowable child support costs. Calculating the FFP rate of 66 percent, results in \$1,515.16 that should have been reimbursed. The difference between what was actually reimbursed to the County (\$5,668.01), and what should have been reimbursed (\$1,515.16) represents a questioned cost of \$4,152.85.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Library materials expenditures:* Library materials for \$1,041.83 were paid from the Child Support division's budget and subsequently reimbursed at the FFP rate of 66 percent, or \$687.61. According to the pro-ration notation by the Prosecuting Attorney in late 2012, the appropriate percentage for library materials for the Child Support division should be 40 percent. Calculation: Materials at 40 percent (\$1,041.83) = \$416.73 and then if reimbursed at the FFP rate of 66 percent would be \$275.04; Questioned costs of \$412.56 (\$687.11 - \$275.04).

*Prosecutor's telephone expenditures:* The entire cost of the Prosecutor's Office telephone expenditures was charged to the program instead of only the costs associated with the Prosecutor's Child Support Division. In addition, starting in November 2012, the Prosecutor's Office paid the regular phone expenditures from the Prosecutor's IV-D Incent #2 Fund. Again, no proration of the phone costs was made to ensure that only the portion associated with the Child Support Division was paid from the Prosecutor's IV-D Incent #2 Fund. The regular phone expenditures paid in 2012 and reimbursed on the monthly reimbursement reports at the FFP rate of 66 percent, or \$3,043.41; and \$855.10 was paid from the Prosecutor's IV-D Incent #2 Fund.

*Court Referee Expenditures:* No supporting documentation was retained for audit for the monthly expense claims. The total amount reimbursed in 2012 was \$19,641, which consisted mostly of personal services.

*Clerk Expenditures:* Amounts paid from the Clerk's IV-D Incent #2 Fund were not prorated to only pay the IV-D portion of certain invoices. The copier and mail machine monthly lease payments were paid from the Clerk's IV-D Incent #2 Fund, and from the Clerk's Perpetuation Fund. The former Clerk was not aware that the consultant was including the Clerk's Perpetuation Fund expenditures (however, with the proration for the IV-D usage) on the Clerk's IV-D monthly reimbursement reports. For 2012, there were six copier lease payments and five mail machine lease payments from the Clerk's IV-D Incent #2 Fund.

Other payments made from the Clerk's Incent #2 Fund at 100 percent with no designation of what (if any) portion was properly attributable to the IV-D program: Scanning/microfilming of records \$1,360.60; annual dues for the Association of Clerks \$265.00. A portion of the payment for child support payment envelopes of \$1,312.68 would be allowable if prorated for the approximate percentage of IV-D child support cases (available through the ISETS software reports).

45 CFR 305.35 states in part:

"(a) A State must expend the full amount of incentive payments received under this part to supplement, and not supplant, other funds used by the State to carry out IV-D program activities or funds for other activities approved by the Secretary which may contribute to improving the effectiveness or efficiency of the State's IV-D program, including cost-effective contracts with local agencies, whether or not the expenditures for the activity are eligible for reimbursement under this part.

(b) In those States in which incentive payments are passed through to political subdivisions or localities, such payments must be used in accordance with this section."

The County was required to maintain time and effort reports on all full and part-time employees paid from the grant. The Department of Child Services had a report titled "Record of Monthly Time, State Form 45272 (3-92)/DFC Form 918." This form provided a space for employees to enter hours worked each day during the month and then a place for them to sign that the time represented only Title IV-D work was true and correct.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The Prosecutor's IV-D Administrator and one other staff person consistently signed this form. Three of the other four staff members had "signature on file" noted on their signature boxes, while the fourth staff member's box did not have either a signature or a notation. The Clerk's Office staff used a similar type of worksheet with typed signatures. The IV-D Court staff did not provide documentation of their hours worked on the IV-D program and/or signatures.

OMB Circular A-87, Attachment B, item 8(h), states in part:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

County Officials did not comply with the Allowable Allowed or Unallowed, and Allowable Costs/Cost Principles compliance requirements for the Child Support Enforcement program. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that County Officials work with the Department of Child Services to determine what adjustments and/or corrections need to be made. Additionally, we recommended that the County maintain proper time and effort reporting.

***Cash Management***

The County Prosecutor's claims for reimbursement filed in 2012 were not compiled accurately from the actual cash disbursements made during each month. Some of the actual payments had not yet been paid by the end of the month during which the claim for reimbursement was filed. There was no supporting documentation retained for each monthly reimbursement claim for the categories of supplies and other services and charges. The Prosecutor's IV-D Administrator said that she used the County Auditor's monthly expenditure reports; however, she was unable to accurately recreate the information to support the amounts charged to these categories. In some instances, the total of the payments that she designated as included for a specific reimbursement claim either was greater than or less than the amounts reported on the monthly reimbursement reports. We also noted several actual payments made from these budget categories that were not included on the recreated version of the supporting documentation.

A spreadsheet was used to accumulate the monthly amounts charged for individual staff for personal services, which was broken out by individual staff members and the employer provided benefits. There was no supporting documentation or calculations retained for the calculations of the gross pay for each month. Proper supporting documentation or calculations should include the approved salary or hourly rate from the salary ordinance, then the calculations for each month or pay period. In addition, no supporting documentation from the County Auditor's Office was retained for the employer provided benefits - percentages used to calculate the pension costs, the FICA/Medicare, unemployment, or the actual cost of the medical benefits

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

amount. We also noted that the amounts being claimed were based on calculations for each month's payroll costs. There was no calculation to prorate the medical insurance costs for those employees who were split funded between the IV-D program funds and other County funds. Also, there was no comparison between the budgeted hours as set up for each person and what was actually paid from the IV-D budget. In one instance, there was a staff person who was paid less than the regular gross pay; however, upon inquiry, it was determined that this pay had been inadvertently charged to a different budget, and that the staff person had actually worked those hours.

As stated in the prior years' finding (2011-4 Activities Allowed – Child Support Enforcement), proper procedures were not in place to identify allowable costs for the Child Support Enforcement program. A review of the expenditures claimed for reimbursement identified costs charged to the program which should have been pro-rated to only include the IV-D portion.

The Indiana Department of Child Services issued an update "Cash vs. Accrual Basis Clarification for Reporting of Monthly Expenditure Reimbursement Claims and Quarterly Incentive Expenditure Reports" on March 3, 2012. It states in part: "According to 31 CFR 201.12(5), Reimbursable funding means that a Federal Program Agency transfers funds to a State after the State has already paid out the funds for Federal assistance program purposes. These same guidelines apply to sub-recipients of federal funding. In order to accomplish this task, we must ensure there is an understanding of the correct reporting method: Cash Basis – Expenses are reported based on when they are actually paid, i.e., when the county remits the payment to the vendor (not the month that the invoice was received or submitted for payment)."

45 CFR 92.20 Standards for financial management systems states in part:

"(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient –

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

County Officials did not comply with the Cash Management compliance requirement for the Child Support Enforcement program. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that County officials develop control procedures to ensure compliance with laws and regulations and the provisions of grant agreements. We further recommended that the Title IV-D Offices file adjusted reports to correct errors.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Reporting**

Quarterly Incentive Expenditure Reports – Prosecuting Attorney

- The Quarterly Incentive Expenditure Reports for the Prosecutor IV-D Incent #2 Fund filed in 2012, were not based on the actual cash disbursements for the first three quarters. This resulted in a net over reported amount of \$165 in expenditures for the year.

The Monthly Expense Claim for Title IV-D, State Form 54529 (12-10) and the Quarterly Incentive Expenditure Report for Title IV-D, State Form 54528 (12-10) includes the following as a part of the certification by the authorized official: "certify that . . . the expenditures are in accordance with federal, state, and county laws, regulations, and policies pertaining to the Title IV-D program."

The Cooperative Agreement for Federal Financial Participation (FFP) for Prosecuting Attorneys Performing Title IV-D Services, Section IV – Reimbursement, Budget, Incentive Distributions, and Audits states in part: "B. Reimbursements . . . (9) Beginning in the first quarter of 2011 and quarterly thereafter the Prosecuting Attorney will report, on a quarterly basis, incentive expenditures and the absence of expenditures during the quarter on Quarterly Incentive Report Form (State Form No. 54528) incorporated by reference hereto, in accordance with procedures and timeframes established by CSB that comply with federal and state law."

The Indiana Department of Child Services issued the "IV-D Expense Reporting and Reimbursement Guide" (Guide) on December 30, 2011. The Guide discusses incentive reporting: "Quarterly Reporting for Incentive Expenditures – Consistent with the quarterly prospective distribution of incentive funds, County Offices will be required to submit the Quarterly Incentive Expenditure Report Form to DCS Accounting Operations each quarter."

Department of Child Services cannot adequately monitor the grant funds, or adequately assess the County's needs without accurate and timely reporting from the County departments. Submission of inaccurate financial reports could jeopardize the receipt of future federal assistance to the County.

We recommended that County Officials prepare and submit accurate and complete reports in accordance with the federal guidelines.



# SCOTT COUNTY PROSECUTING ATTORNEY

SIXTH JUDICIAL CIRCUIT

1 East McClain Avenue, Suite 220 ❖ Scottsburg, Indiana 47170

Phone 812-752-8466 ❖ Fax 812-752-3441

## Jason M. Mount

*Prosecuting Attorney*

## Chris A. Owens

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Prosecutor*

## Amanda C. Herald

*Drug Interdiction  
Prosecutor*

## Elizabeth A. Stigdon

*IV-D Prosecutor*

## Steve Wollmann

*Investigator*

## Amy J. Bowles

*Administrative  
Assistant*

## Bonita J. Combs

*Administrative  
Assistant*

November 20, 2013

### Summary Schedule of Prior Audit Findings

#### Federal Finding 2011-3, Accounting System Weaknesses

Original SBA Audit Report Number: B40782

Contact Person: Jason M. Mount

Title: Scott County Prosecuting Attorney

Phone Number: (812) 752-8466

Expected Completion Date: Ongoing

#### Status of Finding

The Scott County Office of the Prosecuting Attorney, Child Support Division, is continuing to update and correct case balance information. The process of doing so is difficult due to the likelihood that incorrect information was entered many years ago and the recognition that in many cases the balances have been adjusted by other state and local agencies.

The Child Support Division will continue to make corrections to case balances as the errors are identified and to give the highest priority entering and maintaining accurate account balances in the child support ISETS System.

#### Federal Finding 2011-4, Activities Allowed – Child Support Enforcement

Original SBA Audit Report Number: B40782

Contact Person: Jason M. Mount

Title: Scott County Prosecuting Attorney

Phone Number: (812) 752-8466

Expected Completion Date: January 31, 2014

#### Status of Finding

The Scott County Office of the Prosecuting Attorney, Child Support Division, will assess and audit the use of the phone lines and make appropriate adjustments to the claims going forward. For the year 2012, we will apply these standards retrospectively and attempt to adjust claims appropriately.

Salary and benefit claims have been adjusted, however, there may still be inaccuracies. The Child Support Division will continue to review these benefits and properly claim them as against the hours worked/claimed toward child support enforcement.



# SCOTT COUNTY PROSECUTING ATTORNEY

SIXTH JUDICIAL CIRCUIT

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Assistant*

**Bonita J. Combs**  
*Administrative  
Assistant*

Sincerely,

  
Jason M. Mount  
Scott County Prosecuting Attorney

# TERESA VANNARSDALL

*Auditor Scott County*

## CORRECTIVE ACTION PLAN

### ***FINDING 2012-001 – INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

Contact Person: Teresa Vannarsdall

Contact Information: Office phone: 812-752-8408

Expected completion date: February 2014 upon receiving State Board of Accounts audit for 2012

#### Corrective Action:

The County Commissioners and Council adopted Grant Procedures in 2013 for each department to provide for approval by Commissioners and Council before applying for any grants for county government. These are currently in place. Although the Auditor's office did not have complete documentation for all grants most were obtained from departments. The internal controls for accounting for the grants are done within the financial software. A separate budget and fund is set up by Council for most of the grants and tracked in this manner. Due to budget constraints hiring additional staff to reconcile the grants isn't an option for the Auditor's office and with the continually growing workload we reconcile to the best of our ability. As Auditor, I take the responsibility for the reconciliation.

### ***FINDING 2012-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING – COUNTY AUDITOR***

Contact Person: Teresa Vannarsdall

Contact Information: Office phone: 812-752-8408

Expected completion date: February 2014 upon receiving State Board of Accounts audit for 2012

#### Corrective Action:

Preparation of County's Annual Financial Report: The Annual Report Data is gathered from the county's financial software and entered into Department of Local Government Finance Gateway software. Since the Auditor's office does not control the supplemental accounts of other departments I rely solely on what the department puts on the CAR-1 Supplemental Report. I will review the prior year reports to confirm ending balances.

County Payroll Reconciliation: There is independent verification and reconciliation by another employee for benefit payments processed by the payroll clerk. Future reconciliations and verification will include employee sign off initials.

Accounts Payable Vouchers-I review and approve vouchers after the accounts payable clerk has processed the claims. I will initial claims in the future to show that I have reviewed them. I have also instructed the accounts payable clerk not to accept claims that do not have signature or are incomplete in any way. These are to be returned to the department.

February 12<sup>th</sup>, 2014

*Teresa Vannarsdall*



Scott County Court House  
1 East McClain Ave  
Suite 130  
Scottsburg, In 47170

PHONE 812-752-8408  
FAX 812-752-7914  
EMAIL [teresa.vannarsdall@c3bb.com](mailto:teresa.vannarsdall@c3bb.com)

# TERESA VANNARSDALL

*Auditor Scott County*

## **CORRECTIVE ACTION PLAN**

### **FINDING 2012-006 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON CHILD SUPPORT ENFORCEMENT**

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): Child Support 2012  
Pass-Through Entity: Indiana Department of Child Services

Contact Person: Teresa Vannarsdall  
Contact Information: Office phone: 812-752-8408  
Expected completion date: February 2014 upon receiving State Board of Accounts audit for 2012

Corrective Action:  
I will review the amounts reported to the Auditor's office.

February 12, 2014

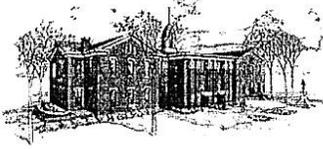
*Teresa Vannarsdall*



Scott County Court House  
1 East McClain Ave  
Suite 130  
Scottsburg, In 47170

PHONE 812-752-8408  
FAX 812-752-7914  
EMAIL [teresa.vannarsdall@c3bb.com](mailto:teresa.vannarsdall@c3bb.com)

**FINDING 2012 – 003 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING –  
COUNTY TREASURER**



*Sheryl Jent*  
SCOTT COUNTY TREASURER  
1 East McClain Avenue, Suite 140  
Scottsburg, Indiana 47170  
(812) 752-8414

**January 28, 2014**

**CORRECTIVE ACTION PLAN**

Contact Person: Sheryl Jent  
Title: Scott County Treasurer  
Contact Information: (812) 752-8414  
Expected completion date: Ongoing

**Corrective Action(s):**

On a daily basis we will open a money drawer for "each" employee to operate. However, during busy tax season, we will use three separate money drawers for the three individuals and will be solely responsible to count down, write out deposit slips, verify and reconcile their own money drawer. After completion, the individual must initial the matching report.

The cash book/sheet will be initialed by the Bookkeeper after verifying cash book balance to each category of tax software report.

A "County Treasurer's Monthly Report" will be completed to show combined bank reconciliation rather than just individual bank accounts. Each bank statement will be placed in each monthly tub in addition to binders for easy access when needed.

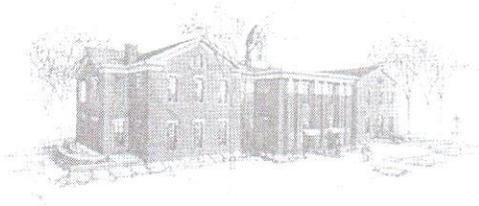
Bank reconciliations will be reviewed and approved by Treasurer and Bookkeeper with support of documentation.

There will be more adequate controls of receipts, disbursements and Settlement with our new and updated financial software.

A log of significant adjustments or other issues will be retained in order to provide better audit information.

On or before the 16<sup>th</sup> of each month, a report showing the financial condition of the office as of the close of business on the last day of the preceding month will be prepared.

Sheryl Jent  
Scott Co. Treasurer



*Missy Applegate*

SCOTT COUNTY CLERK OF COURTS

1 East McClain Avenue, Suite 120

Scottsburg, Indiana 47170

(812) 752-8420

## "CORRECTIVE ACTION PLAN"

### Section II - Financial Statement Findings

#### FINDING 2012-004 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - CLERK OF THE CIRCUIT COURT

Contact Person: Missy Applegate

Contact Information: 812-752-8420

Expected completion date:

#### Corrective Action:

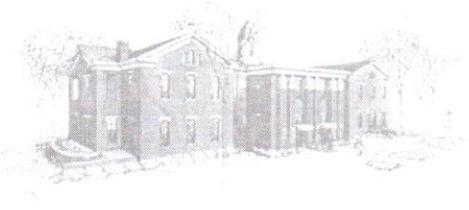
The Clerk's office has a circuit and superior side and each side only gets \$50 to start the day with and to make change out of. When each employee makes a transaction for a payment there is a receipt with how much money they took and who took the payment. So at the end of the day when each side balances out the money will match the reports and receipts. The money has to agree with what the Odyssey and Child Support reports state or we know something is wrong. Internal controls are now being done and an employee is signing off and checking others work for adjustments, deposits, reports and reconcilements. Spread sheets are now being done with a receipt number and the date of deposit to correct the credit card payments issue. The composition of deposits did not agree with our software totals due to more than one payment being on one check. One being child support and the other being a garnishment. The deposit was always correct just the composition was different because of the makeup of checks and cash from this issue. We are now stating when this problem occurs on paperwork.

Sincerely,

*Missy Applegate*

Missy Applegate

2-10-14



*Missy Applegate*

SCOTT COUNTY CLERK OF COURTS

1 East McClain Avenue, Suite 120  
Scottsburg, Indiana 47170  
(812) 752-8420

## "CORRECTIVE ACTION PLAN"

### Section III - Federal Award Findings and Questioned Costs

#### FINDING 2012-006 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON CHILD SUPPORT ENFORCEMENT

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year  
(or Other Identifying Number): Child Support 2012  
Pass- Through Entity: Indiana Department of Child Services

Contact Person: Missy Applegate  
Contact Information: 812-752-8420  
Expected completion date:

#### Corrective Action:

The paid consultant was contacted in reference to the monthly claim process and will advise the clerk on it. Supporting documentation will be obtained from the Auditor's office for future referencing. We will work with our consultant to establish internal controls over the IV-D program.

Sincerely,

*Missy Applegate*  
2-10-14



*Missy Applegate*

SCOTT COUNTY CLERK OF COURTS

1 East McClain Avenue, Suite 120

Scottsburg, Indiana 47170

(812) 752-8420

## "Corrective Action Plan"

FINDING 2012-07 - NONCOMPLIANCE OVER ACTIVITIES ALLOWED OR UNALLOWED: ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND REPORTING

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): Child Support 2012  
Pass-Through Entity: Indiana Department of Child Services

Contact Person: Missy Applegate  
Contact Information: 812-752-8420  
Expected completion date: December 2013

Corrective Action:  
The copier and mail machine are no longer paid out of the Clerk's IV-D Incentive Fund. No scanning/microfilming or annual dues will be paid out of the Incentive Fund either. We will work with our consultant to see what IV-D expenses can be paid out of the fund. A portion of the payment for child support envelopes of \$1312.68 would be allowable if prorated for the approximate percentage of IV-D child support cases (available through the ISETS software reports).

Sincerely,

*Missy Applegate*

Missy Applegate

*2-10-14*

# Scott County Sheriff

## Dan McClain

111 South First Street  
Scottsburg IN 47170

Phone: 812-752-8400 \* Toll Free: 1-800-877-8400 \* Fax 812-752-5751

February 5, 2014

### CORRECTIVE ACTION PLAN

#### ***FINDING 2012-005 – INTERNAL CONTROLS OVER EQUIPMENT AND REAL PROPERTY***

Federal Agency: Department of Defense

Federal Program: Law Enforcement Support Office (LESO) 1033 Program – Donation of Federal Surplus Property

CFDA Number: 12.Unknown

Federal Award Number and Year (or Other Identifying Number): Calendar Year 2012

Pass-Through Entity: Indiana Department of Administration

Contact Person: Sheriff Dan McClain

Contact Information: 812-752-8400

Expected completion date: 12/31/2014

#### Corrective Action:

Segregation of duties, related to equipment and real property will be divided among several individuals. The person requesting the items will not conduct inventory on the items. The person conducting the inventory will not request items. The person picking up the items will not conduct inventory. The person who keeps inventory tracking system will not conduct inventory on the items.

Inventory paperwork for 2012 was submitted.

C-5 authorization forms will be retained on all future requisitions.

All inventory items will be accounted for with QuickBooks Pro 2011 version with yearly inventory performed. A signed DOD Inventory Certification form will be signed by all persons involved in the inventory. This form along with a complete list of Federal Surplus items will be submitted to the Scott County Auditor by 12/31 each year.

Sincerely,



Dan McClain  
Scott County Sheriff

CORRECTIVE ACTION PLAN

**FINDING 2012-006 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON CHILD SUPPORT ENFORCEMENT**

**FINDING 2012-007 –NONCOMPLIANCE OVER ACTIVITIES ALLOWED OR UNALLOWED; ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND REPORTING**

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): Child Support 2012  
Pass-Through Entity: Indiana Department of Child Services

Contact Person: Circuit Court Judge Roger Duvall  
Contact Information: Office: 812-752-8430  
Expected completion date: Ongoing process

Corrective Action:

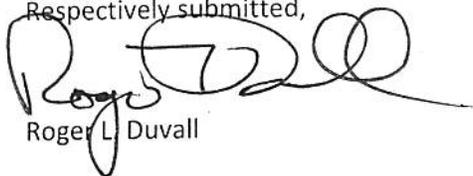
Response of the Scott Circuit Court to the Draft IV-D Audit:

The Court attaches the information provided in November, 2013 at the request of the State Board of Account. The Court would refer to OMB Circular A-87 which is found on the third page of the draft. The employees of the Scott Circuit Court, as explained in the November material, work on a wide variety of issues. The time that they spend on IV-D related work exceeds the time that is sought for reimbursement and no time is allotted for employees of the Scott Superior Court which also has cases handled by the Circuit Court IV-D program.

Where employees work multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation...unless a statistical sampling system or other substitute system has been approved...

The Court will conduct a quarterly statistical sampling where records are maintained by employees as a means of measuring actual work performed in connection with the IV-D Court program. The Court sees the benefit in this statistical sampling because it would be anticipated that time dedicated to the IV-D Court Program would be beyond what is currently reported for reimbursement purposes thereby enabling the Court to seek greater reimbursement from the State of Indiana for this program.

Respectively submitted,



Roger L. Duvall



# SCOTT COUNTY PROSECUTING ATTORNEY

SIXTH JUDICIAL CIRCUIT

1 East McClain Avenue, Suite 220 ❖ Scottsburg, Indiana 47170

Phone 812-752-8466 ❖ Fax 812-752-3441

**Jason M. Mount**  
Prosecuting Attorney

**Chris A. Owens**  
Chief Deputy  
Prosecutor

**Amanda C. Herald**  
Drug Interdiction  
Prosecutor

**Elizabeth A. Stigdon**  
IV-D Prosecutor

**Steve Wollmann**  
Investigator

**Amy J. Bowles**  
Administrative  
Assistant

**Bonita J. Combs**  
Administrative  
Assistant

February 4, 2013

## CORRECTIVE ACTION PLAN

### ***FINDING 2012-006 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON CHILD SUPPORT ENFORCEMENT***

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): Child Support 2012  
Pass-Through Entity: Indiana Department of Child Services

Contact Person: Jason M. Mount  
Contact Information: 812-752-8466  
Expected completion date: 12-31-2014

#### Corrective Action:

We will work on establishing internal controls and segregation of duties for the compliance requirements applicable to the Child Support program. We will work with the Department of Child Services and review their training materials, and obtain copies of the A-133 circulars and the Compliance Supplement.

### ***FINDING 2012-007 –NONCOMPLIANCE OVER ACTIVITIES ALLOWED OR UNALLOWED; ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND REPORTING***

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): Child Support 2012  
Pass-Through Entity: Indiana Department of Child Services

Contact Person: Jason M. Mount



# SCOTT COUNTY PROSECUTING ATTORNEY

SIXTH JUDICIAL CIRCUIT

1 East McClain Avenue, Suite 220 ❖ Scottsburg, Indiana 47170

Phone 812-752-8466 ❖ Fax 812-752-3441

## Jason M. Mount

*Prosecuting Attorney*

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Prosecutor*

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*Drug Interdiction  
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## Elizabeth A. Stigdon

*IV-D Prosecutor*

## Steve Wollmann

*Investigator*

## Amy J. Bowles

*Administrative  
Assistant*

## Bonita J. Combs

*Administrative  
Assistant*

Contact Information: 812-752-8466  
Expected completion date: 12-31-2014

### Corrective Action:

Additional training will be provided to personnel responsible for administering the Child Support program regarding the proper cost to be charged to the program and how the costs charged should be determined. Additional monitoring procedures will be implemented to review the activity to ensure the property amounts are being charged.

Specifically with respect to LIBRARY EXPENDITURES, actual expenditures for the calendar year exceeded \$5,000.00. Claims were only made against IV-D funds after County General budget line items had been fully expended. In the past we had been advised that we could file 100% claims against IV-D funds so long as they are balanced proportionally by like 100% claims against county funds. We have since been advised that this is no longer the case, and we should file EACH CLAIM as a percentage against each fund. We have hesitated to do this because it creates additional work for our auditor, and adds confusion to the issue. In doing so, we actually UNDERCLAIMED Library expenses by approximately \$1,000.00. Going forward, we will file each library expense on a 60% / 40% basis, which should result in additional IV-D reimbursement to the County.

Specifically with respect to TELEPHONE EXPENDITURES, this issue has been resolved going forward. IV-D will pay only for the three telephone lines they use.

Salary and benefit claims have been adjusted; however, there may still be inaccuracies. The Child Support Division will continue to review these benefits and properly claim them as against the hours worked/claimed toward child support enforcement.

The Prosecutors Office will continue to work with the Auditor's Office, the Department of Child Services, and CSB to be sure that expenditures are properly claimed and in the proper amounts.

Jason M. Mount  
Scott County Prosecutor

SCOTT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2014, with Teresa Vannarsdall, Auditor; Mark Hays, President of the Board of County Commissioners; and Ab Watts, President of the County Council.