

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

AUDIT REPORT

OF

COUNTY AUDITOR

WABASH COUNTY, INDIANA

January 1, 2006 to December 31, 2006



**FILED**

10/31/2007



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COUNTY OFFICIALS

| <u>Office</u>                                     | <u>Official</u>                       | <u>Term</u>                                  |
|---|---------------------------------------|--|
| Auditor   | Jane E. Ridgeway                      | 01-01-05 to 12-31-08                         |
| President of the<br>County Council                | Robert Fuller                         | 01-01-06 to 12-31-07                         |
| President of the Board of<br>County Commissioners | Brian K. Haupert<br>Lester D. Templin | 01-01-06 to 12-31-06<br>01-01-07 to 12-31-07 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WABASH COUNTY

We have audited the records of the County Auditor for the period from January 1, 2006 to December 31, 2006, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Wabash County for the year 2006.

STATE BOARD OF ACCOUNTS

September 26, 2007

COUNTY AUDITOR  
WABASH COUNTY  
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

The County Annual Report (CAR-1) for 2006 has not been completed or filed with the State Examiner as of September 26, 2007.

Indiana Code 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at December 31, 2006: Community Corrections (\$58,444); Tax Sale Redemption (\$984); Local Health Coordinator (\$1,457); and Pretrial Diversion (\$15,820).

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

CONDITION OF RECORDS

The detail of receipts and disbursements did not agree with the total receipts and disbursements reported on the control page for various funds. The records presented did not provide sufficient information to establish a detail of receipts and disbursements, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR  
WABASH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2007, with Jane E. Ridgeway, Auditor. The official response has been made a part of this report and may be found on pages 6 and 7.

## **WABASH COUNTY AUDITOR**

**Jane Harper Ridgeway**

One West Hill Street

Wabash, IN 46992

Phone: (260) 563-0661 Ext. 222 Fax : (260) 563-3451 E-mail: auditor@wabashcounty.IN.gov

**September 26, 2007**

**State Board of Accounts**

**302 Washington St., Room E418**

**Indianapolis, IN 46204-2765**

**RESPONSE TO 2006 AUDIT RESULTS AND COMMENTS:**

### **ANNUAL REPORT and CONDITION OF RECORDS**

The conversion of the County's Financial records during 2006 from the ATEK VAX system to a new windows based computer system was a major project which caused multiple problems in reconciling. In addition, the Deputy/Bookkeeper leading the conversion was on medical leave throughout December 2006 and January 2007. At the same time, conversion of TAX RECORDS from the Manatron Old Legacy System to MVP TAX was going on at year end for the 2006 Pay 2007 Taxes. All of this contributed to delays in year-end reconciliation and reporting.

The County Annual Report (CAR-1) for 2006 Part 1 Statement of Receipts and Disbursements, Cash Balances, and Investment Balances for the Fiscal Year Ending 2006 was completed and reconciled with the County Treasurer's Monthly Report for December 31, 2006 and published in a timely manner. The Auditor and new personnel worked tirelessly to correct posting errors and reconcile all detail of account balances in the Auditor's Fund Ledgers with the Treasurer. Many adjusting entries had to be made in the 2007 records. The Treasurers' office and the Auditors' office are now working cooperatively on the reconciling each month are funds and accounts are reconciled in a timely manner.

The completed Annual Report following the correcting adjustments for compliant classification of Receipts and Disbursements detail was given to the field examiners during this audit. It has now been mailed to the State Examiner. Corrective action has been taken to ensure that Wabash County is in compliance with the applicable laws of the State of Indiana.

### **OVERDRAWN CASH BALANCES**

Negative cash balances shown as of December 31, 2006 were the partly the result of the stated condition of the records and reasons noted above. The following is a summary of the individual balances shown in the comments:

**Community Corrections:**

Page 5 of 15 in their grant agreement, letter I, states "All payments shall be made in arrears in conformance with the Department's fiscal policies and procedures". The

Department in this case is Indiana Dept of Corrections. In 2006, the County Council chose not to review the state approved Budget, Additional Appropriations or Transfers. Community Corrections staff did not pay much attention to the amount they were spending per month. It always exceeded the amount they were being reimbursed by the State. As long as they were within their budgeted amounts, they thought they were okay. They did not submit transfer of funds requests (from their Project Income Account which had a December 31, 2006 balance of \$195,088.51) to the State for approval to keep the fund on the positive side due to this statement. Currently the County Council is reviewing the Budget, Additional Appropriation and Transfer requests and we do not release payments until they transfer money to keep a positive balance in their grant account.

**Tax Sale Redemption:**

There was a check written to Steve Hart on 10/27/06. It was an incorrect amount. It was voided in our system and replaced by a check of the correct amount but not taken to the Treasurer until after 11/1/06. Since we had crossed the month end line, she would not accept the voided check. We were asked to write another check (hand written, not recorded in our system) and then quietus it back into the fund we wrote it from so the Treasurer could send the check through the bank to clear it from her system. Technically, we were not overdrawn on our side. The check was written and then voided leaving a zero balance. We just did not agree with the Treasurer until February 2, 2007.

**Local Health Coordinator:**

The final 2006 accounts payable checks were written on 12/29/06. The checks for the Local Public Coordinator's reimbursements from the state came in on 1/2/07. It should have been held, but was accidentally printed. We did, however, hold the check in our office until the EFT was deposited.

**Pre-Trial Investigation (#59) Account:**

This account was set up years ago in the old system for payroll transactions in the Pre-Trial Diversion Account (#101) because the old VAX financial system could not use more than two digits in an account number. Payroll was paid from #59 then hand written accounts payable checks were written to transfer funds and record expenses from #101. In the confusion of the conversion process, some payroll transactions were still paid from this account. In the reconciling process following year end, adjusting entries were made on 2/28/2007 to properly record the transactions and transfer cash funds from #101 which had a December 31, 2006 balance of \$105,133.52. This account has been closed and all expenses from all funds are now paid directly from the fund in the new computer system.

Respectfully,

Signed: Jane E. Ridgeway

Title: Wabash County Auditor

Date: September 26, 2007