

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

AUDIT REPORT

OF

COUNTY TREASURER

MONROE COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**

09/24/2010



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Catherine Smith	01-01-09 to 12-31-12
President of the County Council	Vic Kelson Geoff McKim	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of County Commissioners	Patrick Stoffers	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONROE COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2009 to December 31, 2009, 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 Monroe County for the year 2009.

STATE BOARD OF ACCOUNTS

August 5, 2010

COUNTY TREASURER  
MONROE COUNTY  
AUDIT RESULTS AND COMMENTS

RECONCILEMENT BETWEEN TREASURER'S FINANCIAL STATEMENTS AND CASH BOOK

At December 31, 2009, the County Treasurer's Daily Balance of Cash and Depositories reported funds ledger cash of \$46,247,039.72. This is the amount that the County Treasurer reconciled to the bank. However, the cash balance reported in the Monthly Financial Statement for December 2009 by the County Auditor and County Treasurer was \$46,235,939.66. Therefore, the funds ledger cash reported in the County Treasurer's Daily Balance of Cash and Depositories was \$11,100.06 more than reported in the Monthly Financial Statement. Further review revealed that this difference was not consistent from month to month. The County Treasurer should determine the cause for these differences.

It is crucial that the Monthly Financial Statement cash balance of all funds prepared by the County Auditor and the fund ledger cash balance used in the bank reconciliation prepared by the County Treasurer agree. The fund ledger cash reported in the Monthly Financial Statement should also agree with the amount reported in the County Treasurer's Daily Balance of Cash and Depositories. When the County Treasurer is reconciling the bank accounts, any reconciling items need to be clearly identified and investigated to determine the appropriate action to resolve them. Any activity going through the bank account that is not supported by a warrant or quietus needs to be researched and corrected. The only activity to the funds ledger cash line on the County Treasurer's Daily Balance of Cash and Depositories should be a warrant or quietus issued by the County Auditor. Continued failure to reconcile may affect the opinion on the County's financial statements.

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 Treasurers of Indiana, Chapter 10)

COUNTY TREASURER  
MONROE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return either the actual cancelled warrants or an optical image of the front and back sides of the warrants with the monthly bank statements for 2009.

IC 5-15-6-3(a) concerning optical imaging of checks, states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, IC 26-2-8-111(a) and (e) states:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

COUNTY TREASURER  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2010, with Catherine Smith, Treasurer; Hans Huffman, Chief Deputy; and Kristine Van Pelt, Financial Director.