

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

AUDIT REPORT
OF

CITY CLERK
CITY OF ELKHART
ELKHART COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
05/12/2011

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Clerk	Sue M. Beadle	01-01-08 to 12-31-11
President of the Common Council	Dave Osborne Brent Curry	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Board of Public Works	Michael Machlan	01-01-10 to 12-31-11



STATE OF INDIANA
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TO: THE OFFICIALS OF THE CITY OF ELKHART

We have audited the records of the City Clerk for the period from January 1, 2010 to December 31, 2010, 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 the City of Elkhart for the year 2010.

STATE BOARD OF ACCOUNTS

March 9, 2011

CITY CLERK
CITY OF ELKHART
AUDIT RESULTS AND COMMENTS

CASH BOND REGISTER

The City Clerk's detailed Cash Bond Register was not in balance with the City Clerk's cash book's cash balance at December 31, 2010. The cash book balance is higher than the detail cash bond register by \$1,976.45.

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 Cities and Towns, Chapter 7)

TRUST REGISTER

The City Clerk's detailed Trust Register was not in balance with the City Clerk's cash book's cash balance at December 31, 2010. The detail trust register is higher than the cash book balance by \$670.50.

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 Cities and Towns, Chapter 7)

OLD OUTSTANDING CHECKS

Our review of the bank reconciliations as of December 31, 2010, revealed outstanding checks that had been voided and receipted back into the trust book and cash bond book maintained by the Deputy City Clerk, but had not been voided and removed from the outstanding check list on the bank reconciliation or receipted back into the daily summary sheets prepared by the City Clerk. The outstanding checks date back to January 17, 2001, and the amount of checks older than five years, including 2005 checks, is \$7,037.05.

CITY CLERK
CITY OF ELKHART
AUDIT RESULTS AND COMMENTS
(Continued)

In order to eliminate old outstanding checks from the records, the court should perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. Enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust funds.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register, the original check number will be eliminated as outstanding in the next reconciliation with the bank.
4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust funds. If the checks are not five years old they should be held until the five year period has elapsed.

Since outstanding checks of the court are not included within the meaning of IC 5-11-10.5, city and town courts are to follow the preceding steps in handling old outstanding checks. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

CITY CLERK
CITY OF ELKHART
EXIT CONFERENCE

The contents of this report were discussed on March 9, 2011, with Sue M. Beadle, City Clerk. The official concurred with our audit findings.