

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

AUDIT REPORT
OF

CITY CONTROLLER
CITY OF SOUTH BEND
ST. JOSEPH COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

07/05/2007

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	M. Catherine Fanello	04-18-05 to 12-31-07
Mayor	Stephen J. Luecke	01-01-04 to 12-31-07
President of the Board of Public Works	Gary Gilot	01-01-06 to 12-31-07
President of the Common Council	Timothy A. Rouse	01-01-06 to 12-31-07



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TO: THE OFFICIALS OF THE CITY OF SOUTH BEND

We have audited the records of the City Controller 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 City of South Bend for the year 2006.

STATE BOARD OF ACCOUNTS

May 25, 2007

CITY CONTROLLER
CITY OF SOUTH BEND
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balance of the Central Services Fund, \$(891,975), and the Parking Garage Fund, \$(624,296), were overdrawn at December 31, 2006. A similar comment was included in several previous audit reports, the most recent being file B27186.

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 Cities and Towns, Chapter 7)

EMERGENCY MEDICAL SERVICES' DEPOSITS

Our sample test of emergency medical services (EMS) receipt records show that collections were not deposited the next business day. Our tests show that for the month of December 2006, deposits were made on two days, December 26 and December 28, that totaled \$87,833 (\$53,944 EMS revenues for the City and \$33,889 EMS revenues payable to the County). For the month of October 2006, deposits were made on four days, October 10, October 13, October 19, and October 30, that totaled \$178,640 (\$109,346 EMS revenues for the City and \$69,294 EMS revenues payable to the County). Deposits include very little cash. The December 2006 deposits included \$33 cash and the October 2006 deposits included \$222 cash. During 2006, there were only two EMS deposits made during each of seven months, three EMS deposits during three months, and four EMS deposits during two months.

Since our audit procedures discovered this exception, the City Controller and the emergency medical services department have implemented improvements, resulting in deposits being made at a minimum of three days a week.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CITY CONTROLLER
CITY OF SOUTH BEND
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2007, with M. Catherine Fanello, City Controller. The official concurred with our audit findings.

The contents of this report were also discussed on May 29, 2007, with Stephen J. Luecke, Mayor; and with Timothy A. Rouse, President of the Common Council.