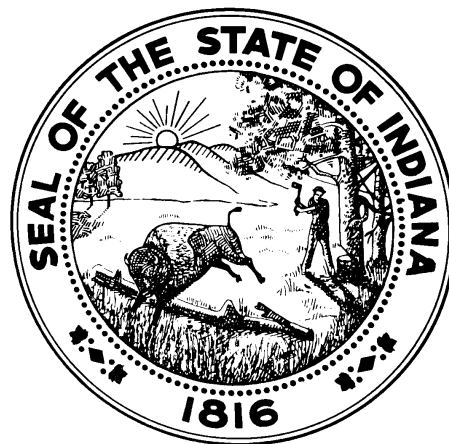


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

DIVISION OF ECONOMIC DEVELOPMENT
CITY OF SOUTH BEND
ST. JOSEPH COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
08/27/2008

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director, Division of Economic Development	Donald.E. Inks	01-01-07 to 12-31-08
Mayor	Stephen J. Luecke	01-01-04 to 12-31-11
President of the Common Council	Timothy A. Rouse	01-01-07 to 12-31-08



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TO: THE OFFICIALS OF THE CITY OF SOUTH BEND

We have audited the records of the Division of Economic Development for the period from January 1, 2007, to December 31, 2007, 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 South Bend for the year 2007.

STATE BOARD OF ACCOUNTS

June 12, 2008

DIVISION OF ECONOMIC DEVELOPMENT
CITY OF SOUTH BEND
AUDIT RESULTS AND COMMENTS

REDEVELOPMENT PROPERTY RECORDS

The City's Division of Economic Development maintains records of properties purchased for resale and for other purposes. Property records initially presented for our audit included numerous errors. These errors included: many properties that were not on the prior year's record and not acquired during 2007; many omitted properties that were on the prior year's record and not disposed of during 2007; and some properties acquired or disposed of during 2007 not accurately recorded.

After reviews, officials presented us with an updated record. This record also included errors, such as two pages of missing properties. Officials have agreed with our suggested corrections.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SALE AND RENTAL PROCEEDS

Proceeds from the sale of property, 412 S. Lafayette Street, totaling \$130,093 were deposited to the Tax Incremental Financing (TIF) SBCDA General Fund (420). Property records for 2006 show that this property was originally purchased from the County Option Income Tax (COIT) Fund (404).

Proceeds generated by the sale or rental of property should be receipted into the fund which originally purchased the property unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DIVISION OF ECONOMIC DEVELOPMENT
CITY OF SOUTH BEND
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2008, with Donald E. Inks, Director, Division of Economic Development.

This report was also discussed on June 12, 2008, with Stephen J. Luecke, Mayor; and Timothy A. Rouse, President of the Common Council. The officials concurred with our audit findings.