

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

AUDIT REPORT

OF

COUNTY TREASURER

JENNINGS COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/13/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sandra L. Vance	01-01-09 to 12-31-12
President of the County Council	Howard L. Malcomb	01-01-11 to 12-31-12
President of the Board of County Commissioners	Jeffrey S. Day	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JENNINGS COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2011 to December 31, 2011, 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 Jennings County for the year 2011.

STATE BOARD OF ACCOUNTS

August 15, 2012

COUNTY TREASURER
JENNINGS COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS/CONDITION OF RECORDS – BANK RECONCILEMENTS

The County Treasurer's Cash Book does not reconcile to the bank at December 31, 2011. The Cash Book indicates an unidentified cash long in the amount of \$96,075. During the year 2011, the amount of the cash long fluctuated from month to month. The cash book was analyzed for the audit period and for the first few months of 2012 to determine the possible cause of the errors. Some of the deficiencies noted include the following:

1. The unidentified cash long existed at January 1, 2011 in the amount of \$87,090.
2. The sewer liens and surplus tax amounts were being paid out prior to settlement. The amounts were posted as disbursements on the Cash Book. However, the tax collection system does not clear out until the tax settlement is disbursed to the taxing entities. The amounts disbursed for sewer liens and surplus taxes were not reconciled with the settlement totals.
3. Not all bank transfers were accounted for in the Cash Book.
4. The tax collection system was not being reconciled to the Cash Book on a regular basis. When it was reconciled, adjustments were made into the Cash Book, if amounts did not agree.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

FINANCIAL REPORT OPINION MODIFICATION

The County Treasurer has an unidentified cash long between the Cash Book and the bank accounts at December 31, 2011. This unidentified cash long represents a material misstatement of the Treasurer's Office on the County's financial statement for 2011. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Auditors' Report for the financial statement.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
JENNINGS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2012, with Sandra L. Vance, Treasurer. The official concurred with our audit findings.

The contents of this report were also discussed on August 15, 2012, with Jeffrey S. Day, President of the Board of County Commissioners, and Howard L. Malcomb, President of the County Council.