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June 28, 2016

TO: THE OFFICIALS OF THE LAWRENCEBURG PUBLIC IMPROVEMENT  
BOND BANK, DEARBORN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Lawrenceburg Public Improvement Bond Bank (Bond Bank), for the period of January 1, 2010 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Bond Bank's financial statement, we did not follow auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any basic financial statement of the Bond Bank.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Bond Bank's Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/). For years 2011 and later, the Annual Financial Reports filed by the Bond Bank can be found on the Gateway website: <https://gateway.ifionline.org/>.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

***Unresolved Comments from Prior Report***

- *The Bond Bank was not using the proper prescribed forms to record the financial activity of the Bond Bank as follows:*
  1. *Ledger of Receipts, Disbursements and Balance (General Form No. 358).*
  2. *General Receipt (General Form No. 352).*
  3. *General Check (General Form No. 356).*
  4. *Accounts Payable Voucher (City Form No. 201).*

These same forms were not in use during the period reviewed. Bank statements were used to report financial activity for required reporting. In 2015, the Bond Bank began using a computerized spreadsheet to record financial activity in lieu of the prescribed General Form No. 358. Computerized spreadsheets should not be utilized to generate control documents such as ledgers, receipt registers, check registers, outstanding checklists, and similar reports.

**Current Period Comments**

- Depository reconciliations of the fund balances to the bank account balances were not presented for review for all the months during the years 2010, 2011, 2012, 2013, and 2014. Records consisted of monthly bank statements only and without a ledger of financial activity maintained reconcilements could not be performed.
- The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned an optical image of the front side and back side of the checks. Beginning in June 2013, the financial institution stopped returning the back side or endorsement side of the checks to the Bond Bank.
- The Annual Financial Report (AFR) filed for 2011 did not match the Bond Bank's records.


<u>Year</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per AFR</u>	<u>Amount Per Bank Transactions</u>	<u>Difference</u>
2011	General	Receipts	\$ -	\$ 637,330.76	\$ (637,330.76)
2011	General	Disbursements	-	2,515,793.79	(2,515,793.79)
2011	General	Ending Balance	2,290,151.53	411,688.51	1,878,463.02

Adjustments to the AFR were proposed and approved by the Bond Bank.

- Several payments were observed which were not supported by adequate documentation such as receipts, invoices, and other public records. These disbursements were to various vendors known to provide goods or services to the Bond Bank; however, traditional supporting documentation was not maintained for these expenditures.
- The AFR for 2010 and 2011 were not filed with the State Examiner until May 10, 2011, and July 13, 2012, which were 70 and 134 days, respectively, past the due date.
- The Bond Bank has made numerous loans with other governmental units and private businesses for development purposes. Annually, the Bond Bank bills and collects the annual payment amount based on the loan agreements from each governmental unit or business. Annual interest billed in 2011, 2012, 2013, 2014, and 2015 was underpaid based on the loan agreements in the amount of \$2,128, \$6,804, \$1,237, \$1,912, and \$1,462, respectively. Also in 2010, one governmental unit did not make the required principal and interest payment per the loan agreement in the amount of \$109,148.

This letter is intended for the information and use of the governing body and management of the Bond Bank. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on April 5, 2016, with Kelly Mollaun, City of Lawrenceburg Mayor, and Suzanne Orndorff, Deputy Treasurer. Any Official Response attached to this letter was not verified for accuracy.

  
Paul D. Joyce, CPA  
State Examiner