

REPORT
POSTED ON
STATE BOARD OF ACCOUNTS
WEBSITE 2-13-15

WATER AND WASTEWATER UTILITIES
CITY OF EVANSVILLE
EXAMINATION RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS

Water and Wastewater cash and investment fund balances, including City funds, were not properly reconciled to bank balances. The difference between the reconciled bank balance reported by the Utilities and City combined and the fund ledger balance was \$395,157 cash short at December 31, 2013.

Errors noted on the Utilities' and City's combined reconciliation included:

1. One bank account was not included in the City's bank reconciliation.
2. The wrong balances from some of the bank statements were used in the City's reconciliation. In some cases, the December 31, 2013 bank balance was not used for reconciliation.
3. Transactions were not posted or were not posted properly to the fund.

As a result of incomplete and inaccurate reconciliations, improper accounting for cash and investments and incorrect postings to the records remained undiscovered.

In addition, prior to 2012, most cash and investments of the Water and Wastewater Utilities were accounted for in the City's bank account. During 2012, separate bank accounts were established; however, the exact cash and investment balance of each Utility was not transferred to the new bank accounts at that time. Some of the cash and investment balances were transferred to the new bank accounts during 2013, but there still was an amount remaining to be transferred as of the date of this report. The City should determine the exact amount due to each Utility and transfer the balances to the appropriate bank accounts.

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 Cities and Towns, Chapter 7)