

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT
OF
COUNTY AUDITOR
STARKE COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
10/11/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Dormant Funds	4
Overdrawn Fund Balances	4
Drainage Funds Subsidiary Ledgers	4
Exit Conference	5
Official Response	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michaelene J. Houston	01-01-03 to 12-31-06
President of the County Council	Chuck Estok Bruce Fingerhut	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Kevin Kroft	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF STARKE COUNTY

We have examined the records of the County Auditor for the period from January 1, 2005 to December 31, 2005, 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 Starke County for the year 2005.

STATE BOARD OF ACCOUNTS

August 8, 2006

COUNTY AUDITOR
STARKE COUNTY
EXAMINATION RESULTS AND COMMENTS

DORMANT FUNDS

The County had eighteen funds with no activity during 2005.

County Auditors should examine any dormant funds carried on their ledgers with the view toward closing out such funds before December 31. (The County Bulletin, October 2005)

OVERDRAWN FUND BALANCES

The County had thirteen funds with negative balances in 2005.

The balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

DRAINAGE FUNDS SUBSIDIARY LEDGERS

Subsidiary ledgers for the General Drain Maintenance and General Drain Improvement funds have not been maintained. The County's computer generated financial ledger does not provide the required financial and historical data for each drain.

FORM 63C (1967), Subsidiary Ledger – General Drain Improvement Fund – This form has been designed to provide a record, by drains, of all receipts to and all disbursements from the General Drain Improvement Fund, together with a record of those costs paid from the County General Fund which are chargeable as project costs. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 4)

FORM 63CM (1967), Subsidiary Ledger – Drainage Maintenance Fund – This form has been prescribed to provide a record, by drains, of maintenance funds collected and expended in the maintenance of drains and the repayment to the General Drain Improvement Fund of money disbursed from the General Drain Improvement Fund for maintenance. A separate sheet is to be kept for each drain on which an assessment for annual maintenance has been made. Also, a separate sheet is to be kept for each drain on which expense for maintenance has been paid from the General Drain Improvement Fund; this being for the purpose of showing the sum the maintenance fund for each drain owes the General Drain Improvement Fund. Although all receipts to and disbursements from the Maintenance Funds will be posted to the fund ledger sheet kept for that purpose in the General Ledger, it is required that a control also be kept on a subsidiary ledger sheet (Form 63CM). (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 4)

All governmental units are required by law to use the forms prescribed by this department; however, if it is desirable to use a different form or to have a prescribed form modified to conform for computer applications, a letter and three copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval. (Accounting and Uniform Compliance Guidelines Manual for Public Drainage Funds, Chapter 9)

COUNTY AUDITOR
STARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2006, with Michaelene J. Houston, Auditor; Kevin Kroft, President of the Board of County Commissioners; and Bruce Fingerhut, President of the County Council. The official response has been made a part of this report and may be found on page 6.

Michaelene J. Houston
Starke County Auditor

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Knox, Indiana, 46534
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August 8, 2006

State Board of Accounts
Attn.: Bruce Hartman or Tammy White
RE: State Audit
302 W. Washington St. Room E-418
Indianapolis, IN 46204

Bruce or Tammy,

In regards to the state audit of the Starke County Auditor's Office, we were written up for three things:

1. Dormant Funds—I have typed the list and will be going before the council to pass a resolution to clear these up
2. Negative Balances—There were four that were posting errors that were fixed in January as they were caught when I did the year-end financial report. One was the health department, they ran in to trouble in December and we quit paying claims before it went into the red. The only thing we were paying was payroll, and that is what put it in the negative as regular claims were held. The rest were all reimbursable grants from the state. Therefore, I feel the only legitimate negative balance to be written up for was the health department and we truly felt we could not hold up payroll, and at the time the commissioners agreed (and still do) that we should pay the payroll
3. Drainage Board Subsidiary Ledgers—We were told in a previous audit that we did not need to keep the ledgers as well as the computer. Then last year's audit we were again told we needed to keep the books. We e-mailed and received an answer from Bruce at S.B.O.A. that as long as it was kept electronically we did not need to keep the subsidiary ledgers. Our current auditor does not think it is enough information and will be forwarding it to you for review.

Thank you for your attention in this matter.

Sincerely,

Michaelene J. Houston
Starke County Auditor

MJH/mjh