

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

EXAMINATION REPORT

OF

NORTHWEST INDIANA REGIONAL BUS AUTHORITY

LAKE AND PORTER COUNTIES, INDIANA

January 1, 2005 to December 31, 2006



FILED
10/12/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5
Examination Results and Comments:	
Investments Not Recorded	6
Records	6
Disbursements	7
Prescribed Forms	7
Executive Director.....	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller/Treasurer	Paul Doherty Jean Baker Lynn Duttlinger	01-01-05 to 10-26-05 10-27-05 to 11-15-06 11-16-06 to 12-31-07
President of the Board	Dennis Rittenmeyer	01-01-05 to 12-31-07



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE NORTHWEST INDIANA REGIONAL
BUS AUTHORITY, LAKE AND PORTER COUNTIES, INDIANA

We have examined the financial information presented herein of the Northwest Indiana Regional Bus Authority (Authority), for the period of January 1, 2005 to December 31, 2006. The Authority's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Authority for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 20, 2007

NORTHWEST INDIANA REGIONAL BUS AUTHORITY
 SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
 ALL GOVERNMENTAL FUND TYPES
 As Of And For The Years Ended December 31, 2005 And 2006

	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Governmental Fund: General	\$ <u>136,063</u>	\$ <u>148,000</u>	\$ <u>72,093</u>	\$ <u>211,970</u>
	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Fund: General	\$ <u>211,970</u>	\$ <u>448,966</u>	\$ <u>240,892</u>	\$ <u>420,044</u>

The accompanying notes are an integral part of the financial information.

NORTHWEST INDIANA REGIONAL BUS AUTHORITY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Authority was established under the laws of the State of Indiana. The Authority provides the following services: general administrative services in addressing, assessing, and establishing public transportation.

This is the first report of the Authority. Financial information of the Authority from prior years was reported in the Annual Financial Report of Lake County, Indiana.

Note 2. Fund Accounting

The Authority uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is prepared and approved at the local level.

Note 4. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Authority to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

NORTHWEST INDIANA REGIONAL BUS AUTHORITY
EXAMINATION RESULTS AND COMMENTS

INVESTMENTS NOT RECORDED

The Authority invested funds received in 2003 from the Cities of Hammond, East Chicago, and Gary, as well as, money received from Lake County in the form of Certificates of Deposit. The total of the money received was \$50,000. An investment register was not maintained on the investments. Also, the interest was allowed to be automatically added to the investment, each time it rolled over. In November 2005, the Certificates of Deposit were finally sold, and new Certificates of Deposit were purchased. The investment transactions were not recorded in the records, which were maintained by the Lake County Auditor in 2005. Finally, in May and August of 2006, the Certificates of Deposit were sold and the sales were posted as receipts to the Authority General Fund.

Based upon the lack of record availability, it could not be determined if quotes were received from the various financial institutions to determine the best interest rate available for investing of funds.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

RECORDS

The financial records of the Northwest Indiana Regional Bus Authority were maintained by the Lake County Auditor, and reported as a Special Revenue Fund of Lake County until May 25, 2006. As of May 25, 2006, the recordkeeping function is being performed by the Northwest Indiana Regional Bus Authority. When the transition occurred, Northwest Indiana Regional Bus Authority recorded the cash balance transferred from Lake County as a receipt as opposed to recording it as the beginning cash balance.

Additionally, the minutes of the Authority indicate that the 2006 budget was submitted to the Lake County Council on June 15, 2005, and the August 17, 2005, minutes indicate that the Lake County Council accepted the budget in the amount of \$139,000. The appropriations as posted in the Lake County records for 2006 indicate a budget in the amount of \$189,000. When the recordkeeping function was transferred in May 2006 to Northwest Indiana Regional Bus Authority, the budget was entered in the amount of \$210,200. Additionally, the amounts disbursed to the date of transition by Lake County were not recorded against the budget entered by the Northwest Indiana Regional Bus Authority.

Indiana Code 36-9-3-12(e) states: "The controller shall keep an accurate account of all appropriations made and all taxes levied by the authority, all money owing or due to the authority, and all money received and disbursed."

NORTHWEST INDIANA REGIONAL BUS AUTHORITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DISBURSEMENTS

Claims are not used by the Northwest Indiana Regional Bus Authority. Invoices to support payments are simply attached to a copy of the check. Claim forms have space for officials to sign that the claims have been audited and that the goods or services have been provided prior to the payment being made.

For payments made based upon contractual obligations, invoices are not presented which would indicate the time period covered by the payment being made.

Instances were observed in which payments were approved by the Board after the check had been issued. For one instance, a person was paid to transcribe some notes. Neither a contract nor an invoice was presented but the amounts were documented in an email.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

PRESCRIBED FORMS

The Authority maintains manual records but does not use a prescribed check which is a duplicate check.

For receipts written, the composition (cash, check or money order) is not designated.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

EXECUTIVE DIRECTOR

The Board has not appointed an executive director for the Authority as required by state statute.

Indiana Code 36-9-3-11 states: "The board shall appoint a qualified person to be executive director of the authority. The executive director is the chief executive officer of the authority."

NORTHWEST INDIANA REGIONAL BUS AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2007, with Dennis Rittenmeyer, President of the Board; Kenneth Dallmeyer, Project Director; Judith A. Penn, Accountant for the Authority; and Lynn Duttlinger, Controller/Treasurer. The officials concurred with our findings.