

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

AUDIT REPORT

OF

COUNTY AUDITOR

ST. JOSEPH COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**

09/21/2010



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Peter H. Mullen	01-01-08 to 12-31-11
President of the County Council	Rafael Morton	01-01-09 to 12-31-10
President of the Board of County Commissioners	Robert Kovach	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ST. JOSEPH COUNTY

We have audited the records of the County Auditor for the period from January 1, 2009 to December 31, 2009, 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 St. Joseph County for the year 2009.

STATE BOARD OF ACCOUNTS

August 2, 2010

COUNTY AUDITOR  
ST. JOSEPH COUNTY  
AUDIT RESULTS AND COMMENTS

TAX SALE SURPLUS FUND RECONCILIATIONS

The February 24, 2010 balance of tax sale surplus on hand, as shown in the tax sale record, \$3,249,648.39, exceeds the balance in the Tax Sale Surplus Fund, on the Auditor's financial system, \$3,121,888.11, by \$127,760.28. A reconciliation on August 3, 2009, showed the tax sale surplus on hand exceeded the Tax Sale Surplus Fund cash balance by \$220,918.

No evidence was provided for our audit that the fund is being reconciled. A similar audit exception was included in several prior reports, the most recent being B35034.

At all times, the manual and 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 Auditors of Indiana, Chapter 14)

TAX SALE REDEMPTION FUND

The Auditor does not reconcile the tax sale redemption balance in the tax sale record with the fund cash balance shown in the funds ledger. The cash balance on the funds ledger for the Tax Sale Redemption Fund at December 31, 2009, was \$154,279. Our review of tax sale redemption receipts in 2009 not disbursed as of December 31, 2009, shows that at least \$171,858 was on hand. This shows a subsidiary ledger balance of at least \$17,579 more than the control account at December 31, 2009.

A similar audit exception was included in several prior reports, the most recent being B35034.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

RECONCILIATION OF SURPLUS TAX FUNDS

The Auditor was unable to provide us with a reconciliation of the surplus tax ledger with the Surplus Tax Fund. The Auditor's funds ledger shows that the surplus tax fund had a \$3,092,790.95 balance at December 31, 2009.

A similar audit exception was included in several prior reports, the most recent being B35034.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR  
ST. JOSEPH COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

RECONCILIATION OF DRAINAGE FUNDS SUBSIDIARY LEDGERS

The December 31, 2009 General Drain Improvement Fund subsidiary ledger provided for audit showed a balance of \$162,773. This balance should agree with the Auditor's fund ledger which had a December 31, 2009 cash balance of (\$13,749) for this fund.

The December 31, 2009 Drainage Maintenance Fund subsidiary ledger provided for audit showed a balance of \$1,020,259. This balance should agree with the Auditor's fund ledger which had a December 31, 2009 cash balance of \$936,063 for this fund.

The Auditor has not balanced these records for several years. A similar audit exception was included in the previous Report B35034. Inaccurate subsidiary ledgers make it difficult for the Surveyor and Drainage Board to make informed decisions regarding each drain.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

EXCISE TAX COLLECTIONS

The Auditor is unable to identify the balance in the excise tax account. The Auditor does not maintain an excise tax ledger. The County Treasurer's records show that \$9,356,936 in excise taxes were on hand at December 31, 2009.

The Auditor's records should be able to identify the excise taxes on hand that have not been included in tax settlements and distributions to local taxing units. A similar audit exception was included in prior Report B35034.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COMPENSATION AND BENEFITS

The Juvenile Justice Center was the recipient of a grant. The Controller of the Center was required to assume additional duties to help administer this grant. The Controller was paid an additional salary amount of \$4,666 for these duties. The extra salary amount was paid from the grant. The St. Joseph County salary ordinance did not include this amount in the original salary ordinance, nor was the salary ordinance amended to show the amount of additional salary that was paid to the Juvenile Justice Center Controller. The County did not require the Center to notify proper personnel that the Controller's salary was being increased.

COUNTY AUDITOR  
ST. JOSEPH COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

ANNUAL REPORT

The County Annual Report's Part 12 - Financial Assistance to Nongovernmental Entities, is blank and incomplete.

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 County Auditors of Indiana, Chapter 4)

CITY AND TOWN COURT COST FUND

The County Auditor did not distribute the city and town share of court costs to cities and towns maintaining a law enforcement agency in 2009. The balance in the fund at December 31, 2009, was \$155,022.

IC 33-37-7-6 states in part:

". . . (b) The county auditor shall determine the amount to be distributed to each city and town qualified under subsection (a) as follows:

STEP ONE: Determine the population of the qualified city or town.

STEP TWO: Add the populations of all qualified cities and towns determined under STEP ONE.

STEP THREE: Divide the population of each qualified city and town by the sum determined under STEP TWO.

STEP FOUR: Multiply the result determined under STEP THREE for each qualified city and town by the amount of the qualified municipality share.

(c) The county auditor shall distribute semiannually to each city and town described in subsection (a) the amount computed for that city or town under STEP FOUR of subsection (b)."

COUNTY AUDITOR  
ST. JOSEPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 29, 2010, with Peter H. Mullen, Auditor, and Cynthia Bodle, Deputy Auditor. The official response has been made a part of this report and may be found on pages 8 and 9.

The contents of this report were discussed on August 2, 2010, with Robert Kovach, President of the Board of County Commissioners, and Raphael Morton, President of the County Council.

**ST. JOSEPH COUNTY AUDITOR**  
227 W. Jefferson Blvd. Second Floor  
County City Building  
South Bend, IN 46601  
Telephone 574-235-9668  
Fax 574-235-5024

Peter H. Mullen  
Auditor

Cynthia A. Bodle  
Chief Deputy Auditor

August 12, 2010

State Board of Accounts  
302 W. Washington St. Room E418  
Indianapolis, IN. 46204-2765

Gentlemen and Women:

The following is an official response to the results and comments from the Exit Conference of your Field Examiner.

Tax Sale Surplus Fund Reconciliation

We will reconcile on a monthly basis, and, as suggested, the difference will be transferred to the General Fund if the balances remain the same for a consistent period.

Tax Sale Redemption

This is a "paid in" and "paid out" fund. The "paid out" occurs immediately after the "paid in." This unbalance should not occur. A "void" sale may have been paid from this account rather than the General Fund or the Surplus Fund. If this difference remains the same for a consistent time we will transfer into the General Fund.

Reconciliation of Surplus Tax Funds

Our staff will reconcile the difference and transfer any surplus into the General Fund in accordance with guidelines.

Reconciliation of Drainage Funds Subsidiary Ledgers

Corrections made after January 1, 2010 have rectified these accounts. They are now accurate.

Excise Tax Collections

A new software program was installed. And, since January 1, 2010 we are reconciling with the Treasurer.

Payroll

Corrections are being implemented from the Human Resources Department to standardize leave time with time cards/time sheets.

Compensation and Benefits

Correction has been made and monitoring will continue at the department level.

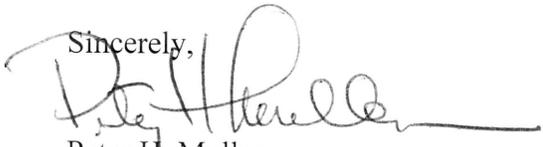
Annual Report

The State Board of Accounts will assist in completing the Annual Report electronically for assistance to Nongovernmental Entities.

City and Town Court Cost Fund

Distribution has been completed. With a process in place distribution will be properly made.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter H. Mullen", with a long horizontal flourish extending to the right.

Peter H. Mullen  
St. Joseph County Auditor