

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

AUDIT REPORT

OF

COUNTY AUDITOR

LAPORTE COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**

01/03/2011



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Craig Hinchman	01-01-09 to 12-31-12
President of the County Council	Mark Yagelski	01-01-09 to 12-31-10
President of the Board of County Commissioners	Barbara Huston	01-01-09 to 12-31-10



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF LAPORTE 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 LaPorte County for the year 2009.

STATE BOARD OF ACCOUNTS

August 17, 2010

COUNTY AUDITOR  
LAPORTE COUNTY  
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

The Financial Assistance to Nongovernmental Entities, Part 10 of the 2009 County Annual Financial report, was not completed by the County Auditor's office. This schedule should include the nongovernmental agencies that received significant funding from the County. Our review of 2009 County expenditures indicated that at least \$2,259,819 was paid to nongovernmental entities. A similar comment was included in the prior Report B35201.

IC 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner no later than thirty (30) days after the close of each fiscal year."

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not prepare a Schedule of Federal Grant receipts and disbursements for 2009. The County's grant schedule should have included all of the required information necessary to properly identify all federal programs and expenditures including: CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Circular No. A-133, Audit of States, Local Governments, and Non-Profit Organizations, Subpart C, states in part:

The auditee shall:

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
  
- (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §\_\_\_ .310.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY EMPLOYEES PAID FROM H1N1 GRANT

The County received a grant to administer the H1N1 vaccine to clinics and schools. Some County Health Department employees were compensated from the grant to administer the vaccine and perform data entry, clerical and supervisory duties. These employees submitted an invoice to the County Auditor indicating the date, number of hours worked, description of duties performed, rate per hour and total compensation. The dates on the invoices coincided with the dates on the County employees' time sheet since the employee worked for the Health Department that day (7.5 hours) also. Because most of the invoices did not indicate the time of day the employee worked on grant duties, it could not be determined if the County employee received compensation for the same hours from both the County's budget

COUNTY AUDITOR  
LAPORTE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

and the grant. Additionally, compliance with Fair Labor Standards Act and IRS Regulations could not be determined due to the records being insufficient to show hours worked for the County under the grant and their position as county employee.

IC 5-11-9-4(b) states in part: ". . . records be maintained showing which hours were worked each day by officers and employees. . . employed. . . in more than one (1) position by the same public agency. . . ."

OVERDRAWN FUND BALANCES

The following funds were overdrawn at December 31, 2009:

Fund	Amount
Governmental funds:	
General Fund	\$ 6,256,312
Pioneer Cemetery Operating	12,113
County Health	85,489
H1N1 Grant	61,499
County Highway	410,052
Juvenile Accountability Report	7,600
Emergency Response	2,204
Prosecutor Victim Advocate	45,403
Metro Op JAG 10K and Under	6,216
Adult Protective Services	10,106
Agency funds:	
Settlement	174,154
Library Settlement	38
Center Township Poor Relief	91
Sheriff's Pension Nonreverting	40,064

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

PAYROLL ADVANCE PAYMENTS

County employees are paid on Friday based on payroll worksheets submitted by the departments to the County Auditor on the previous Friday. These paychecks and payroll worksheets are for the pay period ending the same date as the payroll check. In effect, employees are paid for work performed for one week and estimated for the second week. A similar comment was included in the prior Report B35201.

IC 5-7-3-1 states in part: "Public officers may not draw or receive their salaries in advance . . ."

COUNTY AUDITOR  
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AUDIT RESULTS AND COMMENTS  
(Continued)

REAL ESTATE DIVISION RECEIPT ISSUANCE

Receipts issued by the County Auditor's Real Estate Division did not agree with the corresponding reports of collections. Reports of collections were found to exceed the receipts written; therefore, receipts are not written for all collections in the Real Estate Office. Also, the duplicate receipts did not always indicate the type of payment received, for example, cash or check. A similar comment was included in the prior Report B35201.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

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 14)

CONGRESSIONAL SCHOOL FUND

Interest earned on the Congressional School Fund is to be distributed semiannually to each School Corporation in the County. No distributions were made to the School Corporations in 2009.

Semiannually, on the second Monday of July and the last Monday in January, the auditor of each county shall make distribution of the interest on the congressional fund to the treasurer of each school corporation. The interest is computed at the rate of 4% per annum on the amount held in trust for each congressional township and apportioned and distributed on the basis of the enumeration of children, pursuant to Indiana Code 21-1-1-54. The last enumeration of children was made in the year 1932 and the amounts held in trust by the respective townships have not changed since that time. Therefore, the basic apportionment and distribution formula has been affected in recent years only by the reorganization of school corporations. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 11)

COUNTY AUDITOR  
LAPORTE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2010 with Craig Hinchman, Auditor; Mary Ray, Chief Deputy Auditor; and Lisa Parrett-Hock, 2<sup>nd</sup> Deputy. The officials concurred with our audit findings.