

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

AUDIT REPORT
OF
COUNTY AUDITOR
LAPORTE COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED

09/07/2011

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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 Richard Mrozinski, Jr.	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Board of County Commissioners	Barbara Huston Kenneth Layton	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2010 to December 31, 2010, 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 2010.

STATE BOARD OF ACCOUNTS

August 2, 2011

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The two items listed below were two of the contributing factors in the opinion to the financial statement for 2010 being disclaimed.

The following deficiencies relating to the recordkeeping, were present during our period of audit:

1. The County Annual Report (CAR) filed with the State Board of Accounts did not include all funds and accounts of the County.
2. The Funds Ledger includes numerous transactions posted to accounts with nondescriptive titles such as "Receipts" and "Claims."

Upon entering quietuses the receipt account 2061 - Receipts, is used extensively. This causes internal accounting information to be condensed into one receipt category and makes proper identification of the receipt difficult. Once this information is transferred to the County Annual Report (CAR) it is condensed, with other accounts, into an account named Miscellaneous Revenue. This Miscellaneous Revenue Account is used within 91 funds on the CAR. Of those 91 funds, 67 funds list Miscellaneous Revenue as the only receipt category. This then causes the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis Report within the Audit Report to have a disproportionate amount of improperly identified or unidentified receipts included within the receipt line Other Receipts.

1. The annual report filed was materially misstated due to the omission of several funds, accounts, and departmental cash book transactions.

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 Counties of Indiana, Chapter 14)

2. Transactions posted to the funds ledger were not always adequately classified or described.

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 Counties of Indiana, Chapter 14)

Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standards setting bodies and also with various accounting guides, manuals and other publications. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

911 FEES

The Wireless 911 Fund was created in 2009. From February 2009 through August 2009, \$210,412 in wireless 911 fees were receipted to this fund. There have never been any disbursements from this fund. The cash balance at June 15, 2011, remains \$210,412.

Indiana Code 36-8-16 and 36-8-16.5 provide that landline and wireless fees received for 911 services be maintained in separate funds. Indiana Code also establishes allowable uses of these two separate funds.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CREDIT CARDS

The Sheriff, Commissioners, Park Department, Prosecutor, and Courts are using credit cards to purchase items without a credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

OVERDRAWN CASH BALANCES

The following funds had deficit balances in the amounts shown as of December 31, 2010:

County General	\$ (7,534,272)
Highway	(264,313)
Pioneer Cemetery Operating	(12,773)
JSC United Way Tobacco Education	(82,720)
Emergency Response	(2,204)
Community Corrections	(14,860)
Prosecutor Victim Advocate	(13,887)
Adult Protective Services	(26,249)
Superior 1 Vocational Training	(9,888)
Liability Insurance	(710)

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 Counties of Indiana, Chapter 1)

COUNTY AUDITOR
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2011, with Craig Hinchman, Auditor; Lisa Parrett-Hock, Second Deputy Auditor; and Mary Ray, Chief Deputy Auditor.