

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

EXAMINATION REPORT  
OF  
TOWN OF POTTAWATTOMIE PARK  
LAPORTE COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
12/27/2007



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:	
Condition of Records .....	6
Errors on Claims .....	7
Payroll Deficiencies .....	7-8
Appropriations.....	8
List of Employees Not Filed With County Treasurer .....	8
Official Bond .....	8
Exit Conference.....	9
Official Response .....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Patricia Soller  
Kimberly Gondeck

01-01-05 to 07-01-05  
08-04-05 to 12-31-07

President of the Town Council

Susan Tochell

01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF POTTAWATTOMIE PARK, LAPORTE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Pottawattomie Park (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the schedules. 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 schedules referred to above presents fairly, in all material respects, the financial information of the Town 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

November 2, 2007

TOWN OF POTTAWATTOMIE PARK  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUNDS  
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 106,076	\$ 71,320	\$ 115,229	\$ 62,167
Motor Vehicle Highway	5,190	21,121	7,011	19,300
Local Road and Street	7,710	3,762	358	11,114
Riverboat	-	78,945	-	78,945
Cumulative Capital Improvement	8	927	-	935
CEDIT	-	8,533	-	8,533
Totals	<u>\$ 118,984</u>	<u>\$ 184,608</u>	<u>\$ 122,598</u>	<u>\$ 180,994</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 62,167	\$ 77,244	\$ 89,563	\$ 49,848
Motor Vehicle Highway	19,300	21,858	30,712	10,446
Local Road and Street	11,114	3,622	3,050	11,686
Riverboat	78,945	49,968	-	128,913
Cumulative Capital Improvement	935	1,072	-	2,007
CEDIT	8,533	9,107	-	17,640
Local Major Moves Construction	-	63,727	-	63,727
Levy Excess	-	4,104	-	4,104
Totals	<u>\$ 180,994</u>	<u>\$ 230,702</u>	<u>\$ 123,325</u>	<u>\$ 288,371</u>

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

TOWN OF POTTAWATTOMIE PARK  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town 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 initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. 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 Town 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.

Note 6. Subsequent Event

Tax Levies and Rates for 2007

Due to delays caused by trending of assessments, the assessed valuations of LaPorte County have not been finalized. Therefore, the 2006 pay 2007 property tax rates and levies, as well as related budget orders for 2007, have not yet been established.

TOWN OF POTTAWATTOMIE PARK  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior examination report, were again present during our examination period:

- (1) The control ledger was not maintained for the riverboat checking account.
- (2) The detail ledger was not complete for all funds.
- (3) The investment interest was automatically added to the investment principal and not posted to the ledger. An adjustment in 2006 totaling \$2,839.99 was made to the General Fund to record this interest. An investment ledger was not maintained.
- (4) The Town's annual report was not completed for 2005 or 2006, therefore, the Town did not comply with state statute requiring publication of its annual report.
- (5) Record balances were not accurately reconciled to depository balances.
- (6) Riverboat distributions were posted to the general fund instead of the Riverboat Fund
- (7) The Riverboat, CEDIT, and Cumulative Capital Improvement Funds were included in the Clerk-Treasurer's report but the Town Council has not established these funds through an ordinance.
- (8) Multiple adjustments were posted to funds in order to properly record receipts and disbursements for the appropriate funds.

The current Clerk-Treasurer is in the process of correcting these errors.

At all times, the manual and/or 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 Cities and Towns, Chapter 7)

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 Cities and Towns, Chapter 7)

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 Cities and Towns, Chapter 7)

TOWN OF POTTAWATTOMIE PARK  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ERRORS ON CLAIMS

The following deficiencies were noted on claims tested during the examination period:

- (1) Claims were not prepared for all disbursements.
- (2) The Town did not have a contract for the yard maintenance or the Town attorney.
- (3) All claims did not have board approval.
- (4) Fifty percent of the invoices tested did not have evidence to support receipt of goods or services.
- (5) Most of the claims were not certified by the Clerk-Treasurer.
- (6) When the deputy marshals are paid for patrol duty, the claims are not itemized by the number of hours and the type of patrol to be paid. A dollar amount is added to the monthly rate with no breakdown of patrol or call out hours.
- (7) The dollar amount was written on the duplicate check after the check had been written. It appears that purchases were made using presigned checks.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

PAYROLL DEFICIENCIES

- (1) Payments were made to the Deputy Marshals without payroll deductions for taxes.
- (2) Time records were not maintained for the Town Marshal.
- (3) Employee service records and employee earnings records are not maintained for Town employees.

TOWN OF POTTAWATTOMIE PARK  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

(4) Penalties and interest were paid to the Internal Revenue Service in 2006 totaling \$46.45.

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 Cities and Towns, Chapter 7)

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 Cities and Towns, Chapter 7)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

In 2006, the Motor Vehicle Highway Fund expended \$13,012 in excess of budgeted appropriations.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states, in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

OFFICIAL BOND

An official bond was not presented for examination. The Town is in the process of purchasing the official bond.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

TOWN OF POTTAWATTOMIE PARK  
EXIT CONFERENCE

The contents of this report were discussed on November 2, 2007, with Kimberly Gondeck, Clerk-Treasurer; and Susan Tochell, President of the Town Council. The official response has been made a part of this report and may be found on page 10.

# POTTAWATTOMIE PARK TOWN

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P.O. Box 292  
Michigan City, IN 46360

November 9, 2007

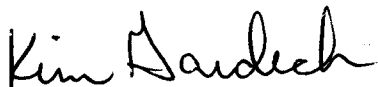
RE: Official Response

After having reviewed the examination results and comments for this audit, I would like to respond. I was appointed to the position of Town Clerk/Treasurer midway through this audit period. The resignation from the previous clerk/treasurer was not a positive experience. Many of the records and record keeping were not complete.

I have been working with our town attorney to make sure that we now have all the correct funds and records in place to follow Indiana code in reference to the condition of the records. Upon taking over the position, I put into place a proper format for the claims procedure. I have also been working with a clerk mentor in order to verify the payroll and budget are done according to code.

Items such as the bond issue have already been rectified since the exit conference. My goal is to make sure the town is run according to the guidelines set from the state of Indiana.

Respectfully Submitted,



Kim Gondeck  
Clerk/Treasurer