

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

AUDIT REPORT  
OF  
BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY, INDIANA  
January 1, 2008 to December 31, 2008



**FILED**  
11/19/2009



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board of County Commissioners	Gerry J. Scheub Roosevelt Allen, Jr.	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the County Council	Christine Cid Larry Blanchard	01-01-08 to 12-31-08 01-01-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

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TO: THE OFFICIALS OF LAKE COUNTY

We have audited the records of the Board of County Commissioners for the period from January 1, 2008 to December 31, 2008, 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 Lake County for the year 2008.

STATE BOARD OF ACCOUNTS

September 21, 2009

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS

POSTAGE PAYMENTS USING 2007 ENCUMBRANCES

In February and March 2008, the Calumet Township Assessor's (Assessor) office submitted to the County Auditor claims totaling \$28,581 for postage which the County subsequently paid. The claims indicated that payment was for postage applicable to 2007 purchase orders and so were paid with 2007 encumbered funds. We determined that only \$10,404.96 of these claims should have been paid using 2007 appropriated funds. \$849.53 of the remaining balance should have been paid using funds from 2008 appropriations. \$17,326.51 of the remaining balance was payment for refilling of the postage meter which had not yet occurred and, therefore, should not have been paid. Documentation did support that the meter was filled for the amount paid at a later time.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Whenever a valid appropriation has been lawfully encumbered by a contract or by the issuance of a purchase order, the appropriation to the extent of the encumbrance may be carried forward to the succeeding year and made available for payment of the obligation which encumbered it. Only so much of the appropriation as is lawfully encumbered may be carried forward. All appropriations not lawfully encumbered by contract or purchase order revert at the close of the year. (The County Bulletin and Uniform Compliance Guidelines, January 2008)

COUNTY FUNDS USED FOR QUESTIONABLE MATERIALS SENT TO TAXPAYERS

In addition to the regular election of state and federal officials, a referendum vote about whether or not to retain township assessors was included on the November 4, 2008, ballot. Some concerns had been raised to the State Board of Accounts that a mass mailing had been made by the Calumet Township Assessor to the residents in Calumet Township just prior to the election on November 4, 2008, about this referendum.

Through inquiry, we obtained a copy of the three page letter that was sent out by the Calumet Township Assessor's office. Two pages of the letter directly related to the referendum in the upcoming election, with one page urging the voter to vote no to the question of "Should the assessing duties of the elected Township Assessor be transferred to the County Assessor?" The letter also provided general tax assessment information; however, the information needed by the taxpayer was also provided in a subsequent tax statement that was sent by the County in a separate mailing.

Forty thousand three page letters were purchased. Postage to mail these letters at 42 cents a letter totaled \$16,800.

It is the position of the State Board of Accounts that the notices mailed, regarding the referendum, should not be paid for by the County. Such a notice is self-serving, if not political. Although the referendum was important to the taxpayers, this type of expenditure is not representative of an efficient government. We have requested Booker Blumenberg, Jr., Calumet Township Assessor, to reimburse the County \$16,800 for postage. (See Report on Calumet Township Assessor)

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

IC 6-1.1-4-28.5 states:

"(a) Money assigned to a property reassessment fund under section 27.5 of this chapter may be used only to pay the costs of:

- (1) the general reassessment of real property, including the computerization of assessment records;
- (2) payments to assessing officials and hearing officers for county property tax assessment boards of appeals under IC 6-1.1-35.2;
- (3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;
- (4) the updating of plat books;
- (5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist assessing officials;
- (6) making annual adjustments under section 4.5 of this chapter; and
- (7) the verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to:
  - (A) the county assessor; or
  - (B) township assessors (if any);

under IC 6-1.1-5.5-3.

Money in a property tax reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth in this section."

REASSESSMENT FUND – UNALLOWABLE EXPENDITURES

A review of the reassessment fund for the Calumet Township department noted the following:

1. Reassessment funds were used to pay for maintenance. Of the 39 invoices examined, four of the invoices billed were for clearing and salting access areas, mats, and waste service, totaling \$1,692. Disbursements do not appear to comply with statutory requirements for property reassessment funds.
2. Late fees, over limit fees and finance charges listed on the billed invoices were carried over from one month to the next without being resolved, totaling \$1,943.93.

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 6-1.1-4-28.5 states:

"(a) Money assigned to a property reassessment fund under section 27.5 of this chapter may be used only to pay the costs of:

- (1) the general reassessment of real property, including the computerization of assessment records;
- (2) payments to assessing officials and hearing officers for county property tax assessment boards of appeals under IC 6-1.1-35.2;
- (3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;
- (4) the updating of plat books;
- (5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist assessing officials;
- (6) making annual adjustments under section 4.5 of this chapter; and
- (7) the verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to:
  - (A) the county assessor; or
  - (B) township assessors (if any);

under IC 6-1.1-5.5-3.

Money in a property tax reassessment fund may not be transferred or reassigned to any other fund and may not be used for any purposes other than those set forth in this section."

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. 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 Counties of Indiana, Chapter 1)

#### DELINQUENT WASTEWATER ACCOUNTS

Many of the Hermits Lake Wastewater Utility accounts are considered delinquent. A policy for writing off bad debts or establishing an allowance for uncollectible accounts has not been established. In addition, the County has not utilized provisions in state statutes to record and certify liens with the County Recorder. By recording and certifying the accounts, a lien is placed on the property and the delinquent amounts are billed with property taxes. This has been a comment in prior reports.

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

FEES - FAIRGROUNDS

As noted in the prior report, the facilities and grounds of the Fairgrounds are rented out for various functions and activities, and fees are charged based upon a fee schedule. Some not-for-profit organizations have been charged a reduced rate based upon a letter approved by the Commissioners. The fee schedule in use, and the reduced rates for certain not-for-profits, has not been adopted in an ordinance or resolution. This has been a comment in prior reports.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

UNALLOWABLE EXPENDITURES - E911

Expenditures were made from the Emergency 911 Fund. The following 2008 expenditures are unallowable:

1. A County Government Center information telephone line and phone equipment for the County Coroner's office;
2. Office equipment such as printers and copiers for 911 operations;
3. Surveying tools for the County Surveyor to use for mapping;
4. Membership to National Emergency Number Association; and
5. Funding to a non-Public Safety Answering Point (PSAP), based upon a letter requesting their annual allotment of E911 funds.

The amounts for these unallowable expenditures for 2008 were \$120,982. These expenditures were 1.8% of the total expenditures of the Emergency 911 Fund for 2008.

IC 36-8-16-14 states:

"(a) The emergency telephone system fees shall be used only to pay for:

- (1) the lease, purchase, or maintenance of enhanced emergency telephone equipment, including necessary computer hardware, software, and data base provisioning;
- (2) the rates associated with the service suppliers' enhanced emergency telephone system network services;

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (3) the personnel expenses of the emergency telephone system;
- (4) the lease, purchase, construction, or maintenance of voice and data communications equipment, communications infrastructure, or other information technology necessary to provide emergency response services under authority of the unit imposing the fee; and
- (5) an emergency telephone notification system under IC 36-8-21.

The legislative body of the unit may appropriate money in the fund only for such expenditure."

IC 36-8-16.5-41 states:

"(a) A PSAP shall use its distribution made under section 39 of this chapter for the lease, purchase, or maintenance of wireless enhanced emergency telephone equipment, including:

- (1) necessary computer hardware, software, and data base equipment;
- (2) personnel expense and training;
- (3) the provision of wireless enhanced emergency service; or
- (4) educating consumers about the operations, limitations, role, and responsible use of enhanced 911 service."

DISBURSEMENT DOCUMENTATION - 911

Documentation submitted for request of E911 funds from the County Commissioner's, by the majority of Lake County PSAPs, included only vendor quotes or the original letters and not actual invoices supporting the expenditures. Certification of expenditures were requested from the all the PSAPs. Our review of certifications from the PSAP's for expenditures of the 911 funds determined that some of the documentation provided did not agree to the purpose of their initial request to the County.

For example, one PSAP requested \$30,000 a year for four years to pay for a lease purchase agreement for new dispatch center. The certification provided stated that \$20,591.38 was spent on radio equipment, 911 process fee, tools and blades, and services to wire a temporary location for dispatching. As a result, the funds were not used as originally indicated by the PSAP. In this particular case, only \$20,591.38 of the \$30,000 received was supported by documentation leaving \$9,408.62 unaccounted for.

\$195,410.75 of expenditures did not have adequate supporting documentation from the PSAP's or 3% of all expenditures for 2008.

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

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

911 FEES

The County receives money from phone companies for landline and wireless phone fees charged to consumers. These fees are to be deposited in separate funds on the County's records. Currently these fees are all deposited in the same fund under 911 and have not been separated as required by Indiana statute. In addition, Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 indicate that specific disbursements can be made from landline fees and wireless fees. Since all money is comingled into one fund and disbursed from the same fund we were unable to determine if disbursements were made from the correct fees collected.

IC 36-8-16-13 states:

"A county treasurer or municipal fiscal officer to whom enhanced emergency telephone system fees are remitted under section 12 of this chapter shall deposit the fees in a separate fund. The fund shall be known as the \_\_\_\_\_ (insert name of county or municipality) emergency telephone system fund. The county treasurer or municipal fiscal officer may invest money in the fund in the same manner that other money of the county or municipality may be invested. The county treasurer or municipal fiscal officer shall deposit any income earned from such an investment in the fund."

IC 36-8-16-14 states:

"(a) The emergency telephone system fees shall be used only to pay for:

- (1) the lease, purchase, or maintenance of enhanced emergency telephone equipment, including necessary computer hardware, software, and data base provisioning;
- (2) the rates associated with the service suppliers' enhanced emergency telephone system network services;
- (3) the personnel expenses of the emergency telephone system;
- (4) the lease, purchase, construction, or maintenance of voice and data communications equipment, communications infrastructure, or other information technology necessary to provide emergency response services under authority of the unit imposing the fee; and
- (5) an emergency telephone notification system under IC 36-8-21.

The legislative body of the unit may appropriate money in the fund only for such expenditure."

IC 36-8-16.5-43 states:

"The distribution of wireless emergency enhanced 911 funds by the board for cost recovery by PSAPs under section 39 of this chapter must be deposited by the county treasurer in a separate fund set aside for the purposes allowed by section 41 of this chapter. The fund must be known as the \_\_\_\_\_ (insert name of county) wireless emergency telephone system fund. The county treasurer may invest money in the fund in the same manner that other money of the county may be invested, but income earned from the investment must be deposited in the fund set aside under this section."

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 36-8-16.5-41 states:

"(a) A PSAP shall use its distribution made under section 39 of this chapter for the lease, purchase, or maintenance of wireless enhanced emergency telephone equipment, including:

- (1) necessary computer hardware, software, and data base equipment;
- (2) personnel expense and training;
- (3) the provision of wireless enhanced emergency service; or
- (4) educating consumers about the operations, limitations, role, and responsible use of enhanced 911 service."

REQUEST FOR CERTIFICATIONS

Certifications and documentation for expenditures from the 911 funds were requested from the eighteen PSAP located throughout Lake County. Two of the PSAPs did not provide certifications. Based on the County records we could determine that one did not receive any E911 funds but did not complete a certification so stating. The other did actually receive E911 funds from the County but has failed to provide a certification and documentation.

IC 36-8-16-14 states:

"The legislative body of the unit may appropriate money in the fund only for such an expenditure.

- (b) This subsection applies to a county that:
- (1) imposes a fee under section 5 of this chapter; and
  - (2) contains a municipality that operates a PSAP (as defined in IC 36-8-16.5-13).

Not later than January 31 of each year, the county fiscal body shall submit to each municipality described in subdivision (2) a report of all expenditures described in subsection (a) paid during the immediately preceding calendar year.

- (c) The state board of accounts shall audit the expenditures of emergency telephone system fees made during each of the following calendar years by each unit that imposed a fee under section 5 of this chapter during the following calendar years:
- (1) The calendar year ending December 31, 2005.
  - (2) The calendar year ending December 31, 2006.
  - (3) The calendar year ending December 31, 2007.

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Not later than November 1, 2008, the state board of accounts shall report to the regulatory flexibility committee established by IC 8-1-2.6-4 on the audits conducted under this subsection.

(d) The state board of accounts annually shall audit the expenditures of emergency telephone system fees made during the immediately preceding calendar year by each unit that imposes a fee under section 5 of this chapter. The state board of accounts shall conduct the first audits required by this subsection with respect to expenditures of emergency telephone system fees made during the calendar year ending December 31, 2008.

(e) In conducting the audits required under subsections (c) and (d), the state board of accounts shall determine whether the expenditures made by each unit are in compliance with:

- (1) subsection (a); and
- (2) section 15 of this chapter, as appropriate."

COUNTY GROUP INSURANCE EMPLOYEE BENEFIT PROGRAM CONDITION OF RECORDS

The detail individual accounts receivable (AR) ledgers were not posted in chronological order. In some instances, current payment activity was posted on pages that were partially posted from prior years. The condition of the records did not facilitate verification of payment postings to the individual AR ledgers. There were no individual AR ledgers for 8 (9%) of the 89 individual receipts tested; therefore, the postings to these individual AR ledgers were not verified.

The individual employee files lacked sufficient documentation to determine if proper fees were being collected. Sufficient documentation was not provided for 6 (7%) of the 89 individual receipts tested; therefore, proper fees could not be verified.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

PAYROLL

Lake County Weights and Measures Department employees were authorized in 2008 to earn overtime. The Department was incorrectly entering overtime into the payroll system. They were entering overtime at time and a half instead of straight time. The system then calculated the time at an overtime rate of time and a half, which caused the time worked to be multiplied by time and a half twice. This caused an overpayment for overtime for this department. The error was discovered by the Commissioner's office and the procedure for entering over time was corrected; however, the overpayment of overtime that had already been issued was not corrected or recovered.

The Weights and Measures Department requires employees who work weekends to record their anticipated time for an upcoming weekend and turn it in on Friday. If there are any changes in the time actually worked over the weekend, the employees are then to make any necessary changes on Monday morning.

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Forty percent of the employees tested for payroll were not in compliance with the County's vacation policy. Some employees' vacation time was not recorded on their service record, excess vacation time was carried over from one year to the next, or the vacation time carried over was not used by the County's specified date. It was noted that the Park and Recreation Department is not following the County set policy for leave time.

Each governmental unit should adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Counties in Indiana, Chapter 1)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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. 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 Counties of Indiana, Chapter 1)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter1)

### CAPITAL ASSET RECORDS

In testing additions and deletions of capital assets to the asset listing presented for audit, we noted the following deficiencies:

1. Park equipment and land was purchased and not listed on the capital asset additions.
2. Construction in progress activity at Three Rivers Park, Bellaboo's Play and Discovery Center, was not noted for 2007 or 2008 in the capital asset records, even though multiple change orders had been approved in the Park Board minutes.
3. A vehicle, approved to be donated from the Emergency Management Department to a not-for-profit fire association, was not deleted from the capital asset records.

Controls should be reviewed to ensure complete records are obtained from all departments.

Every governmental unit should have a complete inventory of all fixed assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter1)

BOARD OF COUNTY COMMISSIONERS  
LAKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2009, with Roosevelt Allen Jr., President of the Board of County Commissioners; Delvert Cole, Office Administrator County Commissioners; and John Dull, County Attorney. The official response has been made a part of this report and may be found on pages 14 through 26.



OFFICE OF THE ATTORNEY  
TO THE BOARD OF COMMISSIONERS

John S. Dull

LAKE COUNTY GOVERNMENT CENTER  
2293 NORTH MAIN STREET  
CROWN POINT, IN 46307  
PH.-219/755-3058 • FAX 219/755-3064



October 5, 2009

Bruce Hartman  
State Examiner  
State Board of Accounts  
302 W. Washington, 4<sup>th</sup> Floor-Rm. 418  
Indianapolis, IN 46402

RE – Response to Audit Results and Comments, 2008, Board of County Commissioners

Dear Mr. Hartman:

On behalf of the Board of Commissioners I am submitting this response concerning the 2008 audit and the comments. To facilitate your review, I will respond in the same order that the topics were presented in the audit. The responses are as follows:

1. Calumet Township Assessor
  - a. The Board of Commissioners as identified bonds covering the Calumet Township Assessor. There are two. First, there is the employee bond which covers the Calumet Township Assessor. Second, the Assessor has his own bond.
  - b. When directed by the State Examiner or the Attorney General, the Board of Commissioners will file a claim.
2. Reassessment Fund – Unallowable Expenditures

The Lake County Auditor will be informed to look out for any claims for maintenance expenses. This will apply not only to Calumet Township but to any and all townships for which the Auditor processes claims.

3. Delinquent Wastewater Accounts

- a. The Board of Commissioners is reviewing all of the accounts that had delinquent balances prior to the time that the records were zeroed and the accounts started anew in the Lake County Treasurer's office.
- b. Any account that the Board of Commissioners determine to be uncollectable will be identified and property written off at a board meeting.
- c. The Board of Commissioners will review the accounts since the Treasurer took over and determine which accounts are delinquent. Liens will be filed. More importantly, if there are accounts that have delinquent balances both before and after the Treasurer took over the accounting, sewer liens will be filed for both pre and post takeover balances.

4. Fees-Fairgrounds

The Lake County Fairgrounds will submit at a Board of Commissioners' meeting its fee schedule for formal adoption.

5. Unallowable Expenditures

The Board of Commissioners will have James Bennett, Commissioners' financial consultant meet with Jeff Cicillian whose company operates 911.

6. Disbursement Documentation - 911

The only way to control the disbursement documentation is to have the Lake County Auditor issue the check. Likewise, the only way to ensure that the purchasing laws are being complied with is to have the Board of Commissioners advertise and contract directly with the vendor. This will be discussed with James Bennett, Commissioners' financial consultant and Jeff Cicillian whose company operates 911.

7. 911 Fees

The County is aware of the need to put landline and wireless phone fees in separate funds. For the 2010 budget year, the County has set up a separate fund.

8. Request for Certifications

The Board will request that Jeff Cicillian identify who did not comply with the request for certifications. These recipients will be notified that no future funding request will be processed until the certifications are on file.

9. County Group Insurance Employee Benefit Program Condition of Records

The employees operating this have received training. The key is that the department should have a controlled ledger. The use of a control ledger will be discussed with the department employees.

10. Payroll

- a. The Board of Commissioners will have the money refunded to the County as soon as the State Board of Accounts gives the board a copy of the names of the Weights and Measures Department employees.
- b. The field workers will be instructed not to turn in their time prior to the Monday after the weekend when the work is performed.

11. Capital Assets

- a. The Board of Commissioners will inform the Park Department Board. That is a separate agency and that property is owned not by Lake County but by the Lake County Parks and Recreation Department.
- b. The Board of Commissioners will take care of the other listed capital asset deficiency. The Board knows of the importance of caring for these assets.

This letter is the response of the Board of Commissioners to the audit of Lake County for the period January 1, 2008 to December 31, 2008 that was discussed at the September 24, 2008 exit conference.

Sincerely,  
ATTORNEY TO THE BOARD OF COMMISSIONERS

John S. Dull  
JSD/rmk


CC: Board of Commissioners  
Lake County Field Office, State Board of Accounts

Office of the Attorney  
to the  
Board of Commissioners

2293 N. Main St. • Crown Point, IN 46307  
219-755-3058 ~ Fax 219-648-6138

**TO:** Bruce Hartman  
State Examiner

**From:**



**John Dull**

**Commissioners' Attorney**

**Date:** October 9, 2009

**Re:** 2008 Audit

**CC:**

Christine Clay

Attached is a response of our Weights and Measures Department in response to a comment regarding overtime payment.

Our prior letter to you was sent within 10 days. Please consider this to be an addendum.

# WEIGHTS AND MEASURES DEPARTMENT

LAKE COUNTY GOVERNMENT  
2900 W. 93<sup>rd</sup> AVENUE 2<sup>nd</sup> FLOOR  
CROWN POINT, INDIANA 46307  
PHONE: (219) 755-3680  
FAX: (219) 755-3739



CHRISTINE S. CLAY, DIRECTOR

To: John Dull  
Commissioner's Attorney  
Fr: Christine Clay  
Re: Payroll Response

Date: October 7, 2009

---

We are in receipt of your correspondence of September 25 regarding the practice of having employees sign time sheets in advance of actual hours worked. Our rationale for this was based on the bookkeeping department's requirement to submit payroll on Friday even though the actual pay period does not end until Sunday. The issue can easily be resolved by granting us permission to report payroll on the Monday after the pay period ends.

The second part of your memorandum states we submitted a \$15.00 hourly wage rate for an employee that resulted in the employee receiving \$22.50 per hour in overtime. It was suggested that this was an overpayment and reimbursement could result. The first year of overtime for us began in January 2008. As noted below a sequence of events occurred before employee's overtime was calculated correctly. You may be assured, however, that we monitored all overtime payments and no employee received more than the appropriate amount.

1. The County assumed inspections in Gary in 2008. In lieu of hiring an additional employee, the Lake County Council was asked to appropriate \$35,000 in the general fund overtime line item. It was explained at that time the overtime must be based on both the general and user fund salaries, but paid from the general fund. (See attachment #1)
2. The county council approved \$35,000 in general fund line item as requested. (See attachment #2)
3. We received a called from the Auditor's Office indicating a deficit in our user fund overtime line item. We explained the overtime appropriation was in the general fund and all overtime was to be paid from that fund. We learned that was not possible and was required to request an additional overtime appropriation to the user fund for the basic and supplemental salary of John Zlajic, the supplemental salaries of Alfonso Salinas, Jethro Seiber and Larry Patton, and the FICA and PERF payments due on their respective supplement pay. (See attachment #3)

4. Subsequently, several memorandums and meetings were held with the bookkeeper and central payroll in an attempt to correct overtime payment shortages. (See attachments #4 and #5)

Finally, we have included for informational purposes a breakdown of salaries, hourly rates and the overtime rates.

Alfonso Salinas	#001 Salary	\$25,235	\$12.14 Hr.	Overtime Hr.	\$18.21
	#255 Salary	<u>\$ 4,765</u>	\$ 2.29 Hr.	Overtime Hr.	<u>\$ 3.44</u>
		\$30,000			\$21.65
Jethro Seiber	#001 Salary	\$22,509	\$10.82 Hr.	Overtime Hr.	\$16.23
	#255 Salary	<u>\$ 5,482</u>	\$ 2.64 Hr.	Overtime Hr.	<u>\$ 3.96</u>
		\$28,000			\$20.19
Larry Patton	#001 Salary	\$22,509	\$10.82 Hr.	Overtime Hr.	\$16.23
	#255 Salary	<u>\$ 5,482</u>	\$ 2.64 Hr.	Overtime Hr.	<u>\$ 3.96</u>
		\$28,000			\$20.19
John Zlajic*	#001 Salary	\$22,509	\$10.82 Hr.	Overtime Hr.	\$16.23
	#255 Salary	<u>\$ 5,482</u>	\$ 2.64 Hr.	Overtime Hr.	<u>\$ 3.96</u>
		\$28,000			\$20.19

We hope this information will clear up any misrepresentations. Again we want to assure you that we constantly scrutinized reported employee overtime and the amount they actually received. We feel confident that our numbers are correct.

\*John Zlajic – Salary, supplemental pay, and benefits were paid from user fund until January 1, 2009.

Cc: Board of County Commissioners

Attachments (5)

This option would result in a \$93,605 increase or \$36,829 more than Gary's budget.

**Option 2**

Although we did not receive a master listing from Gary showing the inspection locations, we believe **with overtime** our existing staff can handle the Gary inspections. It is important to note that the overtime rate must be calculated using the general fund salary plus the supplemental pay or annual salaries of \$30,000 and \$28,000 respectively. Our user fund account does not have sufficient revenue to accommodate overtime. The entire amount should be taken from the general fund.



	<u>FROM</u>	<u>TO</u>
#41100 – Overtime	\$ 0	\$ 35,000
#43233 – Printing	\$ 2,750	3,315
#43620 – Equipment Repair	\$ 2,000	2,500

We recommend Option 2. This will only result in a \$36,065 increase and is \$20,711 less than Gary's budget. We strongly recommend Option 2.

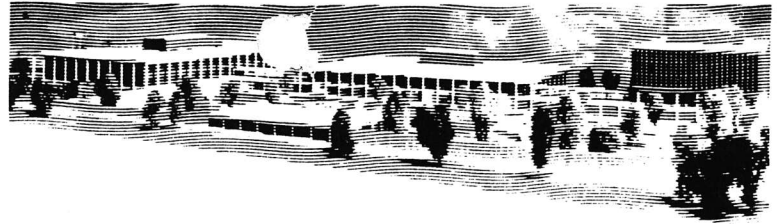
Thank you!

Attachment



**WEIGHTS AND MEASURES DEPARTMENT**

LAKE COUNTY GOVERNMENT  
 2900 W. 93<sup>rd</sup> AVENUE 2<sup>nd</sup> FLOOR  
 CROWN POINT, INDIANA 46307  
 PHONE: (219) 755-3680  
 FAX: (219) 755-3739



**CHRISTINE S. CLAY, DIRECTOR**

*Date: August 20, 2007*

**To: Lake County Auditor**  
**Councilwoman Elsie Franklin, President**  
**Councilman Will A. Smith, Jr., Budget Member**  
**Councilman Larry Blanchard, Budget Member**  
**Councilman Ernie Dillon**  
**Councilman Thomas O'Donnell**  
**Councilwoman Christine Cid**  
**Councilman Ted F. Bilski**

GOPL

**Fr: Christine Clay**  
**Re: Emergency Appropriations for 2008 (City of Gary)**

*It has been brought to our attention that the City of Gary is contemplating the elimination of their Weights and Measures Department effective January 1, 2008. If this should occur, the responsibility for annual inspections in that city would fall upon us.*

*We requested copies of their weights and measures department budget, a master list showing the name, location, number, and type of devices at each inspection site, and a list of equipment, tools and supplies. The total operating budget of \$56,776 is attached. The master list is incomplete and we are told all equipment except a timer and a 31-lb. scale kit were destroyed when the maintenance building burned down last year.*

*As a precautionary measure we are requesting an amendment to our 2008 proposed budget and are providing you with two options for consideration..*

**Option 1**

*Hire a new employee, increase the following line items, purchase new equipment and a truck.*

	<u>FROM</u>	<u>TO</u>
#41130 – Technicians (Non-Exempt)	\$ 0	\$ 28,000
#42230 – Clothing	1,200	1,800
#43231 – Travel – Registration	1,500	1,800
#43232 – Travel – Meals	3,000	3,600
#43233 – Travel – Lodging	3,200	3,640
#43234 – Travel – Trans/Other	1,000	1,200
#43233 – Printing	2,750	3,315
#43620 – Equipment Repair	2,000	2,500
#43910 – Laundry & Cleaning	1,800	2,200
#44440 – Motor Vehicle (Estimated)	0	28,000
#44490 – Other Equipment (Estimated)	0	34,000

COUNTY COUNCIL

DEPARTMENTAL BUDGET ESTIMATE - 2008

DEPT 2800 - Weights & Measure

FUND 1 - COUNTY GENERAL

\*EXPENDITURE/REVENUE SUMMARY:

	EXPENDITURES		REVENUES		
	2008 RECOMMENDED APPROPRIATION	2007 ORIGINAL APPROPRIATION	2008 RECOMMENDED ESTIMATE	2007 ORIGINAL ESTIMATE	
SALARIES	188,784.00	153,784.00	ADMISSIONS	0.00	0.00
OTHER PERSONAL SERVICES	2,536.00	2,316.00	FEEs	0.00	0.00
PERSONAL SERVICES SUBTOTAL	191,320.00	156,100.00	MISCELLANEOUS REVENUES	0.00	0.00
SUPPLIES	7,000.00	6,800.00	REIMBURSEMENT	0.00	0.00
OTHER SERVICES AND CHARGES	18,816.00	17,501.00			
CAPITAL OUTLAY	0.00	0.00			
OTHER EXPENDITURES	0.00	0.00			
<b>TOTAL EXPENDITURES</b>	<b>217,136.00</b>	<b>180,401.00</b>	<b>TOTAL REVENUES</b>	<b>0.00</b>	<b>0.00</b>

\*EXPENDITURE DETAIL:

OBJECT	DESCRIPTION	2007 ORIGINAL APPROPRIATION	2007 ADJUSTED APPROPRIATION	2007 ACTUAL AS OF 12/07	2008 REQUESTED APPROPRIATION	2008 COUNCIL ACTION	2008 STATE APPROPRIATION
41100	* Overtime	0	0	0	0	35,000	0
41110	* Official & Administrators	36,417	36,417	26,727	36,417	36,417	0
41130	* Technicians	70,253	70,253	51,641	70,253	70,253	0
41160	* Office & Clerical	47,112	47,112	33,185	47,112	47,112	0
41170	* Part-Time	0	0	0	0	0	0
41174	* New Job -Vacant	0	0	0	0	0	0
	<b>SALARIES SUBTOTAL</b>	<b>153,784</b>	<b>153,784</b>	<b>111,556</b>	<b>153,784</b>	<b>188,784</b>	<b>0</b>
41210	* Longevity -Deduction	1,640	1,640	0	1,860	1,860	0
41376	* PERF Supplement	676	676	493	845	676	0
	<b>OTHER PERSONAL SERVICES SUBTOTAL</b>	<b>2,316</b>	<b>2,316</b>	<b>493</b>	<b>2,705</b>	<b>2,536</b>	<b>0</b>
	<b>TOTAL PERSONAL SERVICES</b>	<b>156,100</b>	<b>156,100</b>	<b>112,049</b>	<b>156,489</b>	<b>191,320</b>	<b>0</b>
42110	* Office Supplies	3,000	3,000	933	3,200	3,200	0
42210	* Petroleum Products	600	600	0	1	600	0
42230	* Clothing	1,200	1,200	261	1,200	1,200	0
42310	* Equipment Repair Parts	2,000	2,000	1,282	2,000	2,000	0
	<b>SUPPLIES SUBTOTAL</b>	<b>6,800</b>	<b>6,800</b>	<b>2,477</b>	<b>6,401</b>	<b>7,000</b>	<b>0</b>
43230	* Travel & Conference	0	0	0	0	0	0
43231	* Travel - Registration	1,500	1,500	0	1,500	1,500	0
43232	* Travel - Meals	3,000	3,000	1,450	3,000	3,000	0
43233	* Travel - Lodging	3,200	3,200	1,377	3,200	3,200	0
43234	* Travel - Trans/Other	1,000	1,000	85	1,000	1,000	0
43235	* Travel - Mileage	200	200	0	200	200	0
43310	* Printing	2,500	2,500	1,605	2,750	3,315	0
43620	* Equipment Repair	2,000	2,000	719	2,000	2,500	0
43630	* Mainten & Service Cont	1,500	1,500	234	1,500	1,500	0
43730	* Property Rental	100	100	0	100	100	0
43910	* Dues & Subscriptions	700	700	607	700	700	0
43917	* Laundry & Cleaning	1,800	1,800	761	1,800	1,800	0

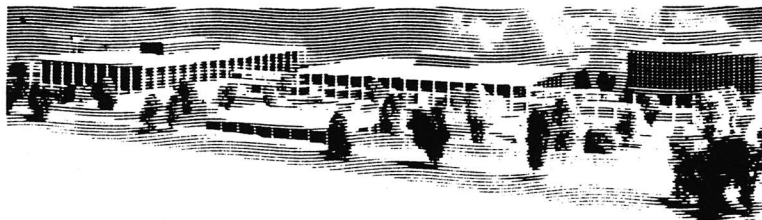
SEP 14 2007

LAKE COUNTY  
DEPT. WEIGHTS & MEASURES

#2

**WEIGHTS AND MEASURES  
DEPARTMENT**

LAKE COUNTY GOVERNMENT  
2900 W. 93<sup>rd</sup> AVENUE 2<sup>nd</sup> FLOOR  
CROWN POINT, INDIANA 46307  
PHONE: (219) 755-3680  
FAX: (219) 755-3739



**CHRISTINE S. CLAY, DIRECTOR**

Date: April 16, 2008

To: Lake County Auditor  
Councilwoman Christine Cid, President  
Councilwoman Elsie Franklin, Budget Chair  
Councilman Ernie Dillion, Budget Member  
Councilman Jerome Prince, Budget Member  
Councilman Ted Bilski  
Councilman Thomas O'Donnell  
Councilman Larry Blanchard

Fr: Christine Clay  
Re: Emergency Appropriations

We are requesting additional appropriations in Fund #255 for Overtime, FICA and PERF. This increase will allow employees to be paid overtime on their supplemental pay wages. Sufficient funds have been collected during the year to cover the cost.

Please place this item on the next agenda for consideration.

Thank you!

Attachment (1)

Cc: Council Office  
Board of County Commissioners (3)

#3

# WEIGHTS AND MEASURES DEPARTMENT

LAKE COUNTY GOVERNMENT  
2900 W. 93<sup>rd</sup> AVENUE 2<sup>nd</sup> FLOOR  
CROWN POINT, INDIANA 46307  
PHONE: (219) 755-3680  
FAX: (219) 755-3739



CHRISTINE S. CLAY, DIRECTOR

Date: June 12, 2008

To: Gerri Stamps  
Commissioner Bookkeeper

Fr: Christine Clay

Re: Discrepancies in Overtime Payments

COPY

Attached are copies of the sign-in sheets, service record form, and a breakdown of overtime payments made to Alfonso Salinas, Jethro Seiber, Larry Patton and John Zlajic. Please note the following:

- John Zlajic receives all of his earnings from the #255 User Fund. His overtime hourly rates are \$16.25 and \$3.96 respectively or \$20.21 for each hour of overtime earned. His total overtime earnings should be calculated at \$161.68 per day, all charged to the #255 Fund. A review of his itemized attendance report shows a deficit of \$576.49.
- Larry Patton receives a portion of his overtime earnings from both the #001 General Fund and the #255 User Fund. The overtime hourly rate for the #001 fund is \$16.25 per hour or \$130.00 per day. The overtime hourly rate for fund #255 is \$3.96 or \$31.68 per day. A review of his itemized attendance report shows a deficit of \$1,086.66.
- Jethro Seiber receives a portion of his overtime earnings from both the #001 Fund and the #255 User Fund. The overtime hourly rate for the #001 fund is \$16.25 per hour or \$130.00 per day. The overtime hourly rate for fund #255 is \$3.96 or \$31.68 per day. A review of his itemized attendance report shows a deficit of \$135.29.
- Alfonso Salinas receives a portion of his overtime earnings from both the #001 General Fund and the #255 User Fund. The overtime hourly rate for the #001 fund is \$18.21 per hour or \$145.68 per day. The overtime rate for fund #255 is \$3.44 per hour or \$27.60 per day. A review of his itemized attendance report shows a surplus of \$1,241.62. We will deduct this surplus from future overtime payments.

Part of these discrepancies can be attributed to submitting time sheets that recorded days worked beginning on Sunday instead of Monday. Other discrepancies arise from incorrect calculations. Hopefully, this matter can be resolved by the next pay period.

# WEIGHTS AND MEASURES DEPARTMENT

LAKE COUNTY GOVERNMENT  
2900 W. 93<sup>rd</sup> AVENUE 2<sup>nd</sup> FLOOR  
CROWN POINT, INDIANA 46307  
PHONE: (219) 755-3680  
FAX: (219) 755-3739



CHRISTINE S. CLAY, DIRECTOR

To: Gerri Stamps  
Commissioner Bookkeeping

Fr: Christine Clay  
Re: Overtime Payment Discrepancies

Date: June 24, 2008

COPY

Listed below is a breakdown of the overtime discrepancies for each employee ending with the June 8 pay period that was payable on June 23, 2008. We are hoping the shortages will be adjusted to appear on the July 7 pay check. All future overtimes calculations should be assessed between the two funds.

Pay Ending	Name	#001 Paid	#001 Due	#001 +/-	#255 Paid	#255 Due	#255 +/-
1/06/08	John Zlajic	.00	.00	.00	173.14	161.68	11.46
1/20/08	John Zlajic	.00	.00	.00	346.30	646.72	( 288.96)
2/03/08	John Zlajic	.00	.00	.00	1,038.88	646.72	392.16
2/17/08	John Zlajic	.00	.00	.00	692.58	646.72	45.86
3/02/08	John Zlajic	.00	.00	.00	692.58	646.72	45.86
3/16/08	John Zlajic	.00	.00	.00	519.44	646.72	( 127.28)
3/30/08	John Zlajic	.00	.00	.00	519.44	.00	519.44
4/13/08	John Zlajic	.00	.00	.00	.00	646.72	( 646.72)
4/27/08	John Zlajic	.00	.00	.00	389.58	646.72	( 257.14)
5/11/08	John Zlajic	.00	.00	.00	649.29	646.72	( 2.57)
5/25/08	John Zlajic	.00	.00	.00	389.58	646.72	( 257.14)
6/08/08	John Zlajic	.00	.00	.00	519.44	646.72	( 157.28)

**Total Shortage – Fund #255 Only (John Zlajic) DUE 733.77\*\*\***

1/06/08	Larry Patton	173.14	130.00	46.14	.00	31.68	( 31.68)
1/20/08	Larry Patton	346.30	520.00	(173.70)	.00	126.72	( 126.72)
2/03/08	Larry Patton	1,125.46	585.00	412.90	.00	142.58	( 142.58)
2/17/08	Larry Patton	692.58	520.00	172.58	.00	126.72	( 126.72)
3/02/08	Larry Patton	692.58	520.00	172.58	.00	126.72	( 126.72)
3/16/08	Larry Patton	519.44	520.00	( .56)	.00	126.72	( 126.72)
3/30/08	Larry Patton	389.58	520.00	(130.42)	.00	126.72	( 126.72)
4/13/08	Larry Patton	389.58	520.00	(130.42)	.00	126.72	( 126.72)
4/27/08	Larry Patton	382.38	520.00	(137.62)	.00	126.72	( 126.72)
5/11/08	Larry Patton	519.44	520.00	( .56)	.00	126.72	( 126.72)
5/25/08	Larry Patton	389.58	520.00	(130.42)	.00	126.72	( 126.72)
6/08/08	Larry Patton	519.44	520.00	( .56)	.00	126.72	( 126.72)

**Totals Larry Patton + 227.50 (1,441.44)**

**Fund #001 Overpayment - \$227.50 – Fund #255 Underpayment - \$1,441.44 –DUE \$1,213.47\*\*\***

#5

**Overtime Discrepancies – Page 2**

Pay Ending	Name	#001 Paid	#001 Due	#001 +/-	#255 Paid	#255 Due	#255 +/-	
1/20/08	Jethro Seiber	346.30	260.00	83.30	.00	63.36	( 63.36)	
2/03/08	Jethro Seiber	173.14	130.00	43.14	.00	31.68	( 31.68)	
2/17/08	Jethro Seiber	346.30	260.00	83.30	.00	63.36	( 63.36)	
3/02/08	Jethro Seiber	346.40	260.00	83.30	.00	63.36	( 63.36)	
3/16/08	Jethro Seiber	259.72	260.00	( .28)	.00	63.36	( 63.36)	
3/30/08	Jethro Seiber	.00	.00	.00	.00	.00	.00	
4/13/08	Jethro Seiber	259.72	130.00	129.72	.00	31.68	( 31.68)	
4/27/08	Jethro Seiber	259.72	260.00	( .28)	.00	63.36	( 63.36)	
5/11/08	Jethro Seiber	259.72	260.00	( .28)	.00	63.36	( 63.36)	
5/25/08	Jethro Seiber	259.72	260.00	( .28)	.00	63.36	( 63.36)	
6/08/08	Jethro Seiber	259.72	260.00	( .28)	.00	63.36	( 63.36)	
<b>Totals</b>	<b>Jethro Seiber</b>			<b>421.27</b>			<b>( 620.00)</b>	
<b>Fund #001 Overpayment - \$421.27 – Fund #255 Underpayment - \$620.00 – DUE</b>							<b>\$198.93***</b>	
1/20/08	Al Salinas	194.12	145.68	48.44	.00	27.60	( 27.60)	
2/03/08	Al Salinas	194.12	291.36	( 97.24)	.00	55.20	( 55.20)	
2/17/03	Al Salinas	388.24	145.68	(242.56)	.00	27.60	( 27.60)	
3/02/08	Al Salinas	388.24	291.36	83.30	.00	55.20	( 55.20)	
3/16/08	Al Salinas	485.30	.00	485.30	.00	.00	.00	
3/30/08	Al Salinas	.00	.00	.00	.00	.00	.00	
4/13/08	Al Salinas	291.18	218.52	72.66	.00	41.36	( 41.36)	
4/27/08	Al Salinas	436.76	145.68	291.08	.00	27.60	( 27.60)	
5/11/08	Al Salinas	.00	.00	.00	.00	.00	.00	
5/25/08	Al Salinas	436.76	145.68	291.08	.00	27.60	( 27.60)	
6/08/08	Al Salinas	582.35	582.72	( .37)	.00	110.40	( 110.40)	
<b>Totals</b>	<b>Al Salinas</b>			<b>1,416.81</b>			<b>( 372.56)</b>	
<b>Fund #001 Overpayment \$1,416.81–Fund #255 Underpayment–\$372.56 – OVERPD \$1,043.62***</b>								

In summary, John Zlajic was underpaid \$733.77. The entire amount should be taken from the #255 account.

Larry Patton was overpaid by \$227.50 in the #001 account and underpaid by \$1,441.44 in the #255 account. The total shortage for Larry is \$1,213.47.

Jethro Seiber was overpaid by \$421.27 in the #001 account and underpaid by \$620.00 in the #255 Account. The total shortage for Jethro is \$198.93.

Alfonso Salinas was overpaid by \$1,416.81 in the #001 account and underpaid by \$372.56 in the #255 account. His total overpayment was \$1,043.62. We are proposing that we continue to record his overtime on the service record, but send a memo requesting non-payment until the surplus is repaid. This will take a little over six (6) overtime days.

Attached are the overtime breakdown sheets. If you have questions, please do not hesitate to call. Again, staff are expecting to receive any shortages on July 7.

Thanks!