

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

AUDIT REPORT

OF

COUNTY TREASURER

PORTER COUNTY, INDIANA

January 1, 2009 to December 31, 2009



FILED

01/06/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James R. Murphy Michael Bucko	01-01-06 to 12-31-09 01-01-10 to 12-31-13
President of the County Council	Robert Poparad Daniel Whitten	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of County Commissioners	Robert Harper	01-01-09 to 12-31-10



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

TO: THE OFFICIALS OF PORTER COUNTY

We have audited the records of the County Treasurer 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 Porter County for the year 2009.

STATE BOARD OF ACCOUNTS

July 27, 2010

COUNTY TREASURER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS

TRANSACTION RECORDING

The County invested \$14,369,910 of major moves proceeds from the State of Indiana in an investment account. This account consisted of investments purchased from U.S. agencies. The interest earned on the major moves investment accounts was not posted to the County's records. Total amount of interest not posted was \$909,695.33.

A bank transfer to pay for the major movers bond anticipation note was not posted to the County's records. The total amount not posted was \$1,510,026. Audit adjustments were made to the financial statements to reflect this transaction.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

HOSPITAL DEPOSITORY RECONCILEMENT

The hospital proceeds have three separate funds for the proceeds from the sale, the interest earned, and liabilities still pending. At December 31, 2009, two bank accounts and investment accounts for the hospital funds did not reconcile to the hospital funds ledger balance. The following table indicates difference of the total hospital funds to the hospital bank balance at December 31, 2009:

Hospital Funds Balance	Adjusted Bank Balance	Difference
<u>\$ 171,442,898.04</u>	<u>\$ 171,411,645.78</u>	<u>\$ 31,252.26</u>

The County funds in total reconcile to the bank account balance but not by individuals funds to each bank account.

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 Treasurers of Indiana, Chapter 10)

INVESTMENTS

A record of quotes taken for investment in certificates of deposit was not available for audit. Warrants were issued for the purchase of the investments but did not indicate it was for the purchase of a Certificate of Deposit or if it was from total monies on deposit. An investment register was not maintained showing the activity of the certificates.

COUNTY TREASURER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

IC 5-13-9-4(b) states:

"The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion."

When an investment is made the treasurer shall issue a warrant payable to the financial institution from which the investment is purchased. The warrant must show the fund or funds on which it is drawn, if the investment is from a specific fund or funds, or if from "total monies on deposit." This wording should be entered in lieu of the fund name or names. The warrant should also show the purpose for which it is issued, such as "investment in certificate of deposit" or "investment in United States Governmental Securities." The warrant shall be countersigned by the treasurer, delivered by the treasurer to the financial institution and the certificate of deposit, passbook, securities, or safekeeping receipt for such securities obtained by the treasurer. The treasurer is official custodian of all such investments. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 15)

The Investment Register, General Form 350, should be used for keeping a record of all investments purchased by the political subdivision. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 15)

LATE TAX PAYMENTS

Tax collections received by the Treasurer's office after the due dates were not posted until after all of the timely payments were posted. These taxpayers were issued "temporary receipts". The collections were deposited separately from other collections and were marked as prepaids or advance payment on the deposit slip and posted to the Treasurer's Daily Cash Book as "advance tax collections."

The "temporary receipt" is a full sheet of paper in which the duplicate number, taxing unit, type of tax collected (real estate, personal, or mobile home), year of tax, received of, address of, the amount of tax, date collected, and the Treasurer's name is already stamped are all noted. The temporary receipt is completed with the original given to the taxpayer and a copy is maintained at the Treasurer's office. The duplicate deposit slip along with the copy of tax bills and checks and these "temporary receipts" are maintained together at the Treasurer's office. Once the current payments are posted and the penalty is assessed on the computer system, the Treasurer's office posts the late payments and moves the collections from the "advance tax collections" on the Treasurer's Daily Cash Book.

The temporary receipts used to document the late tax collections are not prenumbered, are not an approved form, and are signed in advance of the transaction. The use of temporary receipts is not appropriate. Once issued, a receipt becomes the official permanent receipt. A similar comment appeared in the prior report.

COUNTY TREASURER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Official and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. Checks and receipts should be prepared timely and not signed in advance of the event or transaction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

DEPOSITS

Tax collections received by the Treasurer's office after April 13, 2009, were not deposited until September 2009. Taxpayers who paid by check were given a copy of their check that was stamped by the Treasurer with the date it was received. Taxpayers who paid by cash were issued "temporary receipts" and the collections were held in the safe in individual envelopes with the taxpayer name, taxing number, amount, and date. Collections started going to the bank after taxpayers concerns that their checks had not cleared the bank. Posting of payments were made once the computer system was implemented in October 2009.

IC 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

COUNTY TREASURER
PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 30, 2010, with Michael Bucko, Treasurer, and Michelle Clancy, Chief Deputy. The official response has been made a part of this report and may be found on page 8.

The contents of this report were sent by mail to James R. Murphy, former Treasurer of Porter County.

COUNTY - PORTER



PORTER COUNTY TREASURER
ADMINISTRATION CENTER
155 INDIANA AVE. • SUITE 209
VALPARAISO, INDIANA 46383

Michael L. Bucko
Treasurer

(219) 465-3470

mbucko@porterco.org

October 4, 2010

State Board of Accounts
302 West Washington Street
Room E-418
Indianapolis, IN 46204-2765

“OFFICIAL RESPONSE”

Dear Sir/Ms,

The contents of this Exit Conference for the Porter County Treasurer’s Office were discussed on September 30, 2010.

Since my taking office on January 1, 2010 practices have changed, balances have been corrected and procedures have been put in place to rectify the incidents that occurred during the past office holders term. We are currently making every effort to meet the expectations of the State Board of Accounts.

Sincerely,

Mike Bucko
Mike Bucko
Treasurer of Porter County

Michelle Clancy
Michelle Clancy
Chief Deputy Treasurer’s Office

RECEIVED
OCT 08 2010
STATE BOARD OF ACCOUNTS