

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

AUDIT REPORT

OF

BOARD OF COUNTY COMMISSIONERS

ST. JOSEPH COUNTY, INDIANA

January 1, 2010 to December 31, 2010



**FILED**

08/25/2011



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Advance Payments.....	4
Public Works Project .....	4-5
Supporting Documentation .....	5
Exit Conference.....	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board of County Commissioners	Robert Kovach	01-01-10 to 12-31-11
President of the County Council	Rafael Morton	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ST. JOSEPH COUNTY

We have audited the records of the Board of County Commissioners 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 St. Joseph County for the year 2010.

STATE BOARD OF ACCOUNTS

July 20, 2011

BOARD OF COUNTY COMMISSIONERS  
ST. JOSEPH COUNTY  
AUDIT RESULTS AND COMMENTS

**ADVANCE PAYMENTS**

On December 29, 2009, the Board of County Commissioners entered into a capital lease purchase agreement with Motorola, Inc. The agreement includes two separate debt payment schedules, one with \$5,793,032 principal and the other with \$881,281 principal, for a total principal of \$6,674,313. The debt payment schedules show January 1, 2010, as the start date. The first debt payment is January 15, 2011, and the interest included on this first payment, \$247,044, is calculated from January 1, 2010.

As of June 9, 2011, the project is not completed. The County is not making partial payments on completed portions of the project. No documentation was provided to us to indicate that the lease proceeds were paid to Motorola other than the lump sum debt incurred at the inception. In effect, the County has made an advance payment of \$6,674,313 on this project.

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 County Auditors of Indiana, Chapter 14)

**PUBLIC WORKS PROJECT**

On December 29, 2009, the Board of County Commissioners entered into a capital lease purchase agreement and a communications system agreement with Motorola, Inc. The capital lease purchase agreement shows that the purchase is for equipment described in Section A of the agreement. The total lease purchase was \$6,674,313.

Equipment lists provided during the audit include four buildings with a total cost of \$431,149 and a \$2,526,328 cost assigned to "system integration, optimization, project mgmt, site development, installation, training, programming, and associated services." The communications system agreement describes the new shelters and towers to include construction management, shelter foundation, compound grading and 4" of stone, security fences, 20' x 12' drive 4" of stone, and coordinate delivery and support off loading, setting, and anchoring of new Oldcastle shelter. The County did not publish notice calling for sealed bids for the installation of the buildings and other construction related portions of this project.

Indiana Code 36-1-12-4(a) states in part:

"This section applies whenever the cost of a public work project will be:

- (1) at least seventy-five thousand dollars (\$75,000) in:

BOARD OF COUNTY COMMISSIONERS  
ST. JOSEPH COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (A) a consolidated city or second class city; or
  - (B) a county containing a consolidated city or second class city; or
  - (C) a regional water or sewage district established under IC 13-26; or
- (2) at least fifty thousand dollars (\$50,000) in a political subdivision or an agency not described in subdivision (1)."

Indiana Code 36-1-12-4(b) states in part:

"The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. . . ."

***SUPPORTING DOCUMENTATION***

Equipment lists for the capital lease purchase agreement with Motorola, Inc., included \$2,526,328 for "system integration, optimization, project mgmt, site development, installation, training, programming, and associated services." The project to install equipment and buildings began in early 2010 and was not completed as of June 2011. There were no invoices or billings to the County itemizing work completed. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

A claim or voucher, to be properly itemized, must show kind of service, where performed, dates service rendered, by whom rendered, rate per day, number of hours, rate per hour, price per foot, per yard, per hundred, per pound, per ton, etc. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

BOARD OF COUNTY COMMISSIONERS  
ST. JOSEPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2011, with Robert Kovach, President of the Board of County Commissioners, and Rafael Morton, President of the County Council. The officials concurred with our audit findings.