

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SCHERERVILLE

LAKE COUNTY, INDIANA

January 1, 2016 to December 31, 2017



FILED
10/12/2018

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-------------------------------------|--|
| Clerk-Treasurer | Janice Malinowski | 01-01-16 to 12-31-19 |
| President of the Town Council | Michael Troxell Robert Guetzloff | 01-01-16 to 12-31-16 01-01-17 to 12-31-18 |
| Town Manager | Robert Volkmann | 01-01-16 to 12-31-18 |
| Town Judge | Kenneth Anderson | 01-01-16 to 12-31-19 |



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 THE TOWN OF SCHERERVILLE, LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Schererville (Town), for the period from January 1, 2016 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertains to the Town. It should be read in conjunction with our Financial Statement Audit Report of the Town, which provides our opinion on the Town's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

September 11, 2018

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TOWN COURT
TOWN OF SCHERERVILLE

TOWN COURT
TOWN OF SCHERERVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS - COURT RECORDS

The same comment also appeared in prior Report B47150.

In April 2013, the Town Court opened a new bank account and began tracking the collection and distribution of Town Court activity through the use of a secondary ledger, bypassing the official court records (software) used to record Town Court collections and disbursements. The secondary ledger maintained was on a computer spreadsheet and lacked the controls necessary to account for all financial activity.

The daily receipts were generated and recorded in the official court records, and recorded in the secondary ledger; however, the daily receipts recorded in the official court records excluded interest earned on investments made by the Town Court. The disbursements for the new bank account were only recorded in the secondary ledger, they were not recorded in the official court records.

In 2017, the Town Court began recording disbursements from April 2013 through September 30, 2016, in the official court records. This inflated the disbursements recorded in the official court software for 2017.

The receipts reported in the financial statements exceeded the receipts in the official court records by \$2,944 and \$1,842, respectively. The disbursements reported in the financial statements exceeded disbursements in the official court records by \$142,647 in 2016; however, in 2017 disbursements reported in the financial statements were less than the disbursements recorded in the official court software by \$562,692.

Accurate monthly bank reconciliements were not completed. The Town Court only reconciled the new bank account to the secondary ledger. Neither the new bank account, nor the old bank account was reconciled to the official court software. The reconciled bank balance for both bank accounts exceeded the cash and investment balance reported in the financial statements for 2016 and 2017 by \$24,467.

Indiana Code 5-13-6-1(e) states: "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."

Each city and town court is required to use official records and forms that are designated by the legislature or prescribed or approved by the State Board of Accounts or the State Court Administration office of the Supreme Court. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

Indiana Code 5-11-1-21 states:

"All public officers shall adopt and use the books, forms, records, and systems of accounting and reporting adopted by the state board of accounts, when directed so to do by the board, and all forms, books, and records shall be purchased by those officers in the manner provided by law. An officer who refuses to provide such books, forms, or records, fails to use them, or fails to keep the accounts of his office as directed by the board commits a Class C infraction and forfeits his office."

TOWN COURT
TOWN OF SCHERERVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2018, with Janice Malinowski, Clerk-Treasurer, and Robert Guetzloff, President of the Town Council.