

Indiana State Board of Accounts

COMMENT SUMMARY REPORT

Comments Identifying Malfeasance, Misfeasance,
or Nonfeasance and Other Significant
Compliance and Accounting Issues
Fiscal Year 2014-Current



Paul D. Joyce, CPA
State Examiner

Indiana State Board of Accounts



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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February 11, 2015

Dear Ladies and Gentlemen:

This report is a compilation of certain comments that have been included in various reports issued by the Indiana State Board of Accounts from January 1, 2014 to the date of this report. The types of comments that have been included in this report, as well as the section in which they can be found, are described below.

As required by Ind. Code Ch. 5-11-1, we perform examinations of accounting records and related documents of governmental units to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the State Board of Accounts. An elected officer, or their designee, is responsible for preparing and maintaining the accounting records and related documents, as well as complying with applicable state laws and uniform compliance guidelines of their respective office.

A "comment" is included in our reports as a method of transmitting to the management of a governmental unit and to the general public significant issues found resulting from the procedures we perform. A comment indicates a violation of a law or uniform compliance guideline, or the detection of accounting errors or irregularities.

The first two sections of this report, *Special Investigations - Comments for Malfeasance and Misfeasance* and *Special Investigations - Comments for Nonfeasance*, are summaries of comments included in the Special Investigation Reports issued by the State Board of Accounts. The Special Investigation Reports identify funds that were misappropriated, diverted, or unaccounted for through malfeasance, misfeasance, or nonfeasance and were determined to be the personal obligation of the responsible officer or employee. Special Investigation Reports may be found on our website at www.in.gov/sboa/.

As a result of our 2014-2015 Special Investigation Reports, we requested repayment from public officers and employees in the total amount of \$2,118,284.00. Of this amount, we were able to directly return \$197,376.00 to the appropriate governmental unit. Additionally, we certified \$1,920,908.00 to the Attorney General and the local prosecuting attorney. The Attorney General's Office has collected \$154,965.00 of the amount certified to them.

Also included in this report is a section titled *Significant Comments*. This section includes comments from our Audit Reports, Examination Reports, and Supplemental Compliance Reports. While our Audit, Examination, and Supplemental Compliance Reports include many comments related to instances of noncompliance, only those comments that were considered significant in nature were included in this report. A comment is considered significant if it includes noncompliance that could become the personal responsibility of a public official or employee in the future, or if it displays a substantial disregard of the responsibilities of a public office. All Audit, Examination, and Supplemental Compliance Reports may be found on our website at www.in.gov/sboa/.

Pursuant to Ind. Code § 5-11-1-4 (a), each governmental unit is required to file an annual financial report with the State Examiner. Each governmental unit is also required to file a certified report of officer, employee, and agent compensation with the State Examiner. Ind. Code § 5-11-13-1. The last section of this report identifies the responsible official of those governmental units that were not in compliance with Ind. Code § 5-11-1-4(a) and/or Ind. Code § 5-11-13-1, and removed from office.

Indiana Code § 5-11-1-9 requires the State Examiner to examine all accounts and all financial affairs of every public office and officer, state office, state institution, and entity. Indiana Code § 5-11-1-8 empowers the State Board of Accounts to make and establish by-laws, rules, and regulations for the enforcement of Ind. Code Art. 5-11 and any other law placing duties and responsibilities on the State Board of Accounts.

The State Examiner, when engaged in making any examination authorized by law, may issue subpoenas for witnesses to appear before the examiner in person and to produce books, papers, or other records for inspection and examination. The State Examiner may administer oaths and examine witnesses under oath orally or by interrogatories concerning the matters under investigation and examination.

Indiana Code § 5-11-1-24 requires the State Board of Accounts to establish in writing uniform compliance guidelines for examinations and reports. The uniform compliance guidelines must include the standards that an entity must observe to avoid a finding that is critical of the entity for a reason other than the entity's failure to comply with a specific law. Indiana Code § 5-11-4-3 provides that all examinations and investigations of accounts shall be paid by each municipality or entity.

If an examination discloses malfeasance, misfeasance, or nonfeasance in office or of any officer or employee, a copy of the report, signed and verified, shall be placed by the State Examiner with the Attorney General and the Inspector General. Ind. Code § 5-11-5-1. The Attorney General shall diligently institute and prosecute civil proceedings against the delinquent officer, or upon the officer's official bond, or both, and against any other proper person that will secure to the state or to the proper municipality the recovery of any funds misappropriated, diverted, or unaccounted for. *Id.* The State Examiner shall use reasonable diligence in the making of investigations and in furnishing and securing evidence in connection with the prosecution of suits concerning examination reports whenever requested by the Attorney General. Ind. Code § 5-11-5-3.

If an examination report shows or discloses the commission of a crime by any person, it is the duty of the State Examiner to transmit and present the examination report to the grand jury of the county in which the crime was committed. The State Examiner shall furnish to the grand jury all evidence at the State Examiner's command necessary in the investigation and prosecution of the crime. *Id.*

If a report filed with the Attorney General discloses any offense, the State Examiner shall present a certified copy of the report and competent testimony to the grand jury of the county in which the offense is alleged to have been committed. Ind. Code § 5-11-6-4. "The Attorney General shall direct, supervise, and assist in the prosecution of the offense before the grand jury and in the courts." *Id.*

Public corruption is not limited to illegal conduct by elected officials. Corruption reaches every level of government. The job title of the public employee makes no difference to the citizens of this State – corruption at any level is not acceptable. The State Board of Accounts strives to assure equal and just treatment of all persons. We realize allegations are easy to make, but difficult to prove. When we receive an allegation, it is imperative that the facts be analyzed without any preconception. Sometimes it is determined the allegations are unfounded or simply cannot be proven. In those instances, it is vital that the reputations of the persons who have not been publicly charged be protected from harm. In other instances, such as public officials failing to file required reports with the State Board of Accounts, efforts are made to convince the individual to file the reports before prosecution is requested. When first time offenders come into compliance before a prosecution commences, the State Board of Accounts takes no further action.

It is my belief that a public office is a public trust. Officials and employees should serve the people with responsibility, integrity, loyalty, and efficiency. We are dedicated to providing the citizens of the State of Indiana with complete confidence in the integrity and financial accountability of state and local government. We protect the public's trust through our audits, examinations, and special investigations by ensuring accountability of all public funds, enforcing Indiana Code Art. 5-11, and holding accountable those who abuse the public's trust.


Paul D. Joyce, CPA
State Examiner

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SPECIAL INVESTIGATIONS - COMMENTS FOR MALFEASANCE AND MISFEASANCE

BENTON COUNTY

TOWN OF FOWLER AND UTILITIES

January 1, 2013 to March 31, 2014, Report B44747

COLLECTIONS NOT DEPOSITED - UTILITY SERVICES

The Town of Fowler provides the following utility services to its residents: garbage removal, water, and wastewater (sewage). The Utilities use computer software to record the billings and collections for these services as well as to record the balance due from customers.

To allow for the proper credit to a customer's account, all payments (collections) made by the customer must be recorded in the computer software. Any one of three clerks, including the Clerk-Treasurer, was authorized to enter customer payments into the computer software; however, the majority of the transactions were entered by the two individual clerks. According to Melissa Williams, Clerk-Treasurer, Vina Lanie, former Utilities Clerk, was primarily responsible for entering the customer payments into the computer software, preparing the deposit tickets, and taking the collections to the bank. Annette Parker, Deputy Clerk-Treasurer, served as a backup in the absence of Vina Lanie, former Utilities Clerk, for accepting customer payments, entering the payments into the computer software, and preparing and making the deposit.

During the time period covered by our review of the Utilities billings and collections, there were two different computer software programs in use. In October 2013, a new computer system replaced older software. At the end of each business day, both systems generated a report showing receipts collected for the day and posted to the corresponding customer's account (End of Day Report). Both computer systems also had the ability to generate a historical payment report (Historical Report).

After recording the customer payments into the computer software, it was the responsibility of the clerk to balance to the cash drawer and End of Day Report. This same individual was also responsible for preparing the deposit ticket and taking the money to the bank.

We traced the bank deposits to the End of Day Reports. The bank deposits agreed to collections per the End of Day Reports; however, when we traced payments to the Historical Reports, significant differences were found. The Historical Reports showed monies collected from customers that could not be traced to deposit in a bank account. The Clerk-Treasurer and the office personnel handling the Utilities payments were unaware that the Historical Report could be generated allowing for an audit trail for all customer billing, payments, and/or adjustments.

Collections from the Historical Reports compared to the bank deposits indicated collections not deposited total \$47,057.31.

We have requested Melissa Williams, Clerk-Treasurer; Annette Parker, Deputy Clerk-Treasurer; and Vina Lanie, former Utilities Clerk, jointly and severally, reimburse the Town of Fowler \$47,057.31 for customer collections not deposited.

COLLECTIONS NOT DEPOSITED - METER DEPOSITS

When a customer requests utility services at a residence/business, they were required to prepare an application and make a utility meter deposit. The Utilities Clerk would determine the meter deposit amount based upon criteria specified in Ordinance 2009-01. Customers determined to be high risk were required to make a water meter deposit of \$150. Nonhigh risk customers or customers in good standing were charged a meter deposit of \$75.

Any office personnel in the Clerk-Treasurer's Office were authorized to collect and record the transactions associated with the customer meter deposits.

Upon completion of an application for utility service and collection of the meter deposit, a handwritten two-part receipt was prepared by office personnel. The original receipt was the customer copy. The duplicate would be retained in the receipt book. The Clerk accepting the payment would also be responsible for noting on the application the dollar amount of the meter deposit, date, and receipt number.

The Town's financial records are maintained electronically using computer software specifically designed for accounting for the receipts, disbursements, and balances of Town and Utilities funds. In order to record the utility meter deposits to the financial records of the Utilities, the collection amount had to be entered into the computer system, which would generate a computer receipt. It was based upon the computer receipts that the Clerk prepared the bank deposit.

The Town also maintained a handwritten "Guarantee Deposit Register." The Guarantee Deposit Register is an alphabetical record by customer last name of meter deposits collected, released/refunded, and held, along with the dates of the entries. The Clerk that prepared the receipts of meter deposits collected was also responsible for recording the customer information onto the Guarantee Deposit Register.

Handwritten receipts for meter deposits collected were recorded in the Guarantee Deposit Register for which a corresponding bank deposit was not made. From March 5, 2013 through February 18, 2014, utility customer meter deposit collections not deposited totaled \$3,300.00.

We have requested Melissa Williams, Clerk-Treasurer; Annette Parker, Deputy Clerk-Treasurer; and Vina Lanie, former Utilities Clerk, jointly and severally, reimburse the Town of Fowler \$3,300 for customer meter deposit collections not deposited.

**Status: Total Amount Due from Melissa Williams, Annette Parker, and Vina Lanie (joint and severally): \$50,357.31
 Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.
 Attorney General's office is waiting on Indiana State Police investigation to move forward.**

DECATUR COUNTY

**DECATUR COUNTY
 Year 2011, Report B43223**

COUNTY AUDITOR - ADDITIONAL COMPENSATION PROHIBITED

A salary ordinance fixing the compensation of the Auditor for the year 2011 was approved by the County Council on September 21, 2010, at the bi-weekly rate of \$1,238.73. In September of the year 2011, Bridgett C. Weber, former Auditor, began paying herself additional compensation from the Plat Book Maintenance Fund. Bridgett C. Weber, former Auditor, was paid a bi-weekly rate of \$3,363.73 for eight pay periods in the year 2011 resulting in Bridgett C. Weber, former Auditor, being paid \$17,000 in excess of the amount approved in the salary ordinance based on gross pay. The net pay (excluding payroll withholdings) for the additional compensation paid was \$12,045.81.

Bridgett C. Weber, former Auditor's approval of additional compensation for herself was a management override of internal controls.

On October 3, 2013, Bridgett C. Weber, former Auditor, was requested to refund \$12,045.81 to Decatur County. Subsequent to our request, Bridget C. Weber, former Auditor, executed an installment promissory note with the Indiana Attorney General's Office for repayment.

**Status: Total Amount Due from Bridgett C. Weber: \$12,045.81; PAID IN FULL
 Informational letters sent to the Indiana Attorney General and local Prosecuting Attorney.**

DELAWARE COUNTY

MUNCIE COMMUNITY SCHOOLS - MUNCIE CENTRAL HIGH SCHOOL - ATHLETIC ACCOUNT Fiscal Years 2012-2013, Report B44168

MALFEASANCE

Angela Mock, former Athletic Secretary, failed to remit all collections received from ticket sales to the Extra-Curricular Treasurer. As a part of Angela Mock, former Athletic Secretary's job duties, she was responsible for cash change, ticket inventory, preparing cash boxes and ticket sale reports given to the ticket sellers for all athletic events, verifying the ticket sales reports upon completion of the event (including all voids and complimentary tickets), and remitting ticket sales collections to the Extra-Curricular Treasurer.

On October 1, 2013, Angela Mock, former Athletic Secretary, remitted ticket sales collections from a September 28, 2013 soccer game in the amount of \$345 to the Extra-Curricular Treasurer. This amount agreed with the Ticket Sales Report (SA-4) and the Summary Collection Form (SA-8) prepared by Angela Mock, former Athletic Secretary. However, on the night of the game, ticket sales collections in the amount of \$390 contained in the cash boxes were verified by the Athletic Director and Assistant Principal, who then placed the cash boxes in the safe. According to the Athletic Director, the Ticket Sales Report (SA-4) and the Summary Collection Form (SA-8) were not in the cash boxes on the night of the game. Further review of the Ticket Sales Report (SA-4) submitted by Angela Mock, former Athletic Secretary, indicated five ticket numbers from each of the two-ticket series sold at the game were not listed on the report. The stubs from these 10 tickets were retained, indicating that these tickets had been sold. These ten ticket numbers were not included on previous ticket sales reports. This resulted in the amount remitted being \$45 short.

Further review of Ticket Sales Reports (SA-4) from August 25, 2013 to October 1, 2013, indicated an additional 434 unaccounted for tickets. These tickets were not listed on a Ticket Sales Report (SA-4) or noted as having been given away as complimentary tickets or voided. We were able to trace 305 of these unaccounted for tickets to stubs that were collected at athletic events. These 434 tickets would have sold for \$5 each which totals \$2,170.

We then examined Ticket Sales Reports (SA-4) for 2011-2012 and 2012-2013 and noted an additional 1,334 and 1,865 unaccounted for tickets, respectively. These tickets were not listed on ticket sale reports as sold, void, or complimentary. Ticket stubs collected at athletic events were not retained for audit in 2011-2012 or 2012-2013. The prices of these tickets ranged from \$3 to \$6 each. The calculated total of unaccounted for ticket monies for 2011-2012, 2012-2013, and 2013-2014 were \$6,590; \$9,276; and \$2,215.

Angela Mock, former Athletic Secretary, also sold All Sport Passes in the Athletic Office. The prenumbered tickets were accounted for on a handwritten log prepared by Angela Mock, former Athletic Secretary. A detailed review of the log for 2013-2014 indicated that passes were sold for adults, high schools students, and middle school students for a calculated total of \$6,845. The amount remitted to the Extra-Curricular Treasurer for All Sport Passes was \$5,455, resulting in \$1,390 of collections not remitted. We also noted that only checks and no cash were included in the deposits of All Sport Pass collections. There was no log retained for the 2011-2012 or 2012-2013 school years.

Additionally, we examined all 208 Summary Collection Forms (SA-8) received by the Extra-Curricular Treasurer for the period examined for ticket sales. All but 4 of these were signed by Angela Mock, former Athletic Secretary.

The improper procedures being used for ticket sales were communicated to the administration in prior reports B29782, B31744, B35887, and B40153.

We requested repayment of \$19,471 from Angela Mock, former Athletic Secretary.

Status: Total Amount Due from Angela Mock: \$19,471.00
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.
Currently in litigation with the Attorney General's office.

HOWARD COUNTY

HOWARD COUNTY
Years 2010-2013, Report B44292

MAINTENANCE DEPARTMENT

ITEMS PURCHASED FOR PERSONAL USE

County funds budgeted for the Maintenance Department were used to purchase \$1,746.75 worth of various items for personal use. The items purchased include shoes, jeans, jackets, paint, painting supplies, and other household items. The claim vouchers for these items were approved and signed by Diana Donnell, former Secretary for the Maintenance Department. Supporting receipts attached to the claim vouchers were also signed by Diana Donnell, former Secretary for the Maintenance Department. Diana Donnell, former Secretary for the Maintenance Department, was arrested on January 8, 2014, and charged with two counts each of theft and official misconduct.

We have requested Diana Donnell, former Secretary for the Maintenance Department, reimburse the County \$1,746.75 for items purchased for personal use.

Status: Total Amount Due from Diana Donnell: \$1,746.75; PAID IN FULL
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.

KOSCIUSKO COUNTY

CITY OF WARSAW
Years 2011-2013, Report B43854

OVERPAYMENTS

During the period from January 1, 2011 through December 31, 2013, the City of Warsaw (City) paid to have various storm sewers lined. This work was divided into 11 projects. The contractor for all of these projects was Pro Form Pipe Lining Company of Mishawaka, Indiana (Pro Form). In addition to installing the linings, the City paid Pro Form to do cleaning and repairs on the same sections of storm sewer. The lining work was billed and paid based on quoted prices per lineal foot and estimated lineal footage provided by Lacy Francis, Jr., former Street Superintendent. Pro Form billed the City for the full amount of the estimated lineal footage. As a part of the lining work quoted, Pro Form was to video each reach of sewer both before the work was started and after the work was completed. Pro Form was to provide the videos to the City. The exact lineal footage of each reach of sewer could be determined from these videos. Both Pro Form employees and Lacy Francis, Jr., former Street Superintendent, acknowledge that the videos were recorded, but neither Pro Form nor anyone at the City can locate any of the recordings. Both Pro Form employees and Lacy Francis, Jr., former Street Superintendent, knew, or should have known, the exact lineal footage for each reach of sewer after it had been videoed.

In December 2013, a former employee of Pro Form contacted the City of Warsaw Clerk-Treasurer and alleged that Pro Form had been intentionally overbilling the City. This former employee indicated that the overbilling included charging for more sewer lining than was actually installed. This information was shared with various City officials, including the City Engineer, a professional engineer whose services the City had retained starting April 2, 2012. The City Engineer was not involved in the sewer lining projects, except to advise Lacy Francis, Jr., former Street Superintendent, of the requirements of the public works law late in 2012 when he became aware that the City had not been in compliance with the law.

After being informed of the allegations of overbilling, the City Engineer collected all of the quotes, agreements, and accounts payable vouchers with attached invoices pertaining to the payments to Pro Form. From these documents, and using available GIS technology, the City Engineer was able to calculate the actual length of sewer that was lined for each project to within plus-or-minus five feet. Based on these calculations, for 10 of the 11 projects, the amount of footage that was billed to the City exceeded the actual footage by amounts ranging from 59 feet to 229 feet per project for a total of 1,638 feet. On the 11th project, the City was billed and paid for lining 175 feet of sewer that only measures 75 feet and was never actually lined. The total sewer lining, billed to and paid for by the City, in excess of the amount actually installed, was 1,813 lineal feet. Based on the quoted prices per lineal foot for the various projects, the City overpaid Pro Form \$267,569 over the three year period. Ten out of eleven of the accounts payable vouchers for these payments were signed by Lacy Francis, Jr., former Street Superintendent, certifying that the attached invoices were true and correct and that the itemized materials or services were ordered and received. The other voucher was prepared by Lacy Francis, Jr., former Street Superintendent, and signed by another street department employee. Lacy Francis, Jr., former Street Superintendent, knew, or should have known, that these invoices were not correct and that the itemized services had not been received.

Lacy Francis, Jr., former Street Superintendent, and Marc Campbell, Owner/President of Pro Form Pipe Lining Company, were arrested March 25, 2014, on charges including various counts of corrupt business influence; theft; aiding, inducing or causing theft; providing false information to governmental entity to obtain contract; official misconduct; and conflict of interest.

As a result of search warrants issued in connection with the arrests, documents were found that indicated payments from Pro Form back to Lacy Francis, Jr., former Street Superintendent, based on City payments to Pro Form for work done on a time and material basis. The documents listed 12 invoices with amounts to be paid back to Lacy Francis, Jr., former Street Superintendent, in even thousands of dollars that appear to be based on the amount of the invoice. The total payback for these 12 invoices was \$22,000. These amounts were projected to an additional 22 City paid invoices for an additional payback of \$29,000.

We consider amounts paid back to Lacy Francis, Jr., former Street Superintendent, from Pro Form to be overpayments on the part of the City. The total \$51,000 overpayment on these time and material invoices added to the \$267,569 overpaid on sewer lining work comes to a total of \$318,569 in overpayments by the City of Warsaw.

We consider Lacy Francis, Jr., former Street Superintendent; Pro Form Pipe Lining Company; and Marc Campbell, Owner/President of Pro Form Pipe Lining Company, to be jointly and severally liable to the City of Warsaw for overpayments in the amount of \$318,569.

Status: Total Amount Due from Lacy Francis, Jr., Pro Form Pipe Lining Company, and Marc Campbell (jointly and severally): \$318,569.00
Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.
Litigation ongoing with the Attorney General's office.

LAKE COUNTY

CITY OF HAMMOND – CITY CLERK January 27, 2012 to April 24, 2013, Report B43289

COLLECTIONS NOT DEPOSITED

Financial transactions of cases established prior to February 2010 were recorded in the WRIT system (computer software). In addition to receipts being written and recorded in the WRIT system, all receipts are recorded on a handwritten defendant case docket, including the amount, date, and receipt number.

In 13 cases, WRIT receipts were found to have been duplicated. Per the handwritten defendant case dockets, the same WRIT receipt number recorded on one defendant's case docket was also recorded to another defendant's case docket, but with different dollar amounts and dates. The original WRIT receipt amount was deposited and recorded in the financial software; however, the duplicate, copied receipt was not deposited or recorded. Total collections not deposited or recorded was \$4,306.

We requested that Debra Scott, former Senior Clerk, reimburse the Clerk \$4,306 for the collections not deposited.

DISMISSED CASES WITHOUT PROPER DOCUMENTATION OR PAYMENT

For cases established after February 2010, the Court uses Courtview computer software to record the financial transactions of a case, and monitor case activities by defendant or case. The Court enters the decisions made by the judge on the handwritten defendant case dockets. The Clerk's office is to document those decisions in the Courtview software and, if necessary, submit documentation to the Bureau of Motor Vehicles (BMV). The Courtview software has a file tracking system which records each time a case is checked in or out of the Clerk's office by scanning the bar code. The software also has an event tracking system in which each court date is recorded and reported in an Event Tracking report. A dismissal noted on the manual docket should correspond to the file having been checked out and then back in and an "event" recorded in Courtview.

If a defendant's license has been suspended and the Court has dismissed the case, payment has been received, or the judge has submitted an "Order of Dismissal," a SR-16 Form to release the suspension is submitted by fax or electronically to the Indiana BMV. The same process takes place if the defendant has an Illinois driver's license except the SR-16 Form is given to the defendant. In either case, a copy of the SR-16 Form is to be retained in their case file.

Of the cases reviewed, 17 had dismissals documented on the handwritten defendant case docket and in the Courtview docket, but there was not a Court date (event) documented in Courtview for that date. In 15 of the 17 cases, there was no documentation in Courtview indicating that the file had been checked out of the Clerk's office. In the 2 cases where the file was checked out on the dismissal date, there was no Court date scheduled for the case on that date. Copies of SR-16 Forms were in the file for 8 of the 17 cases. There were 4 of these marked "Payment," indicating the defendant had satisfied or paid all traffic fines and court costs; the remaining 4 SR-16 Forms were marked "Reopened and Disposed" which indicates the individual appeared in court and a court finding was determined.

The amount that should have been collected for the cases that were dismissed without the appropriate supporting documentation totaled \$3,775.

Since a dismissal would require an action by the Court or Prosecutor, either fees were collected and not recorded or deposited, or the fees were waived without authority.

We requested that Debra Scott, former Senior Clerk, reimburse the Clerk \$3,775 for the dismissals without proper documentation or payment.

Status: Total Amount Due from Debra Scott: \$8,081.00

Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.

Attorney General's office is working on an agreed judgment with defendant and bond company.

**GRIFFITH PUBLIC SCHOOLS - ELDON READY ELEMENTARY SCHOOL
July 1, 2011 To December 17, 2013, Report B43789**

COLLECTIONS NOT DEPOSITED OR RECORDED

Each school within the school district employs an Extra-Curricular Accounts (ECA) Treasurer who maintains exclusive control over the accounting of the ECA collections. The ECA Treasurer is responsible for receipting the collections, preparing the deposit ticket, and making the deposit to the bank. The ECA Treasurer is also responsible for recording the receipts in the ledgers, and reconciling the bank account balance to the ledger balance.

Kelly Blackard, former ECA Treasurer, issued prescribed handwritten ECA receipts and handwritten textbook rental receipts. These handwritten receipts should have been subsequently entered/recorded into an electronic software program to be accounted for in the ledger maintained by the ECA Treasurer. The handwritten receipts issued by the former ECA Treasurer included large amounts of cash collections for textbook rental fees, school field trip fees, collections for school fundraisers, and collections for book fairs. Some of the handwritten ECA receipts written for cash collections were not recorded electronically to the ledger or deposited in the bank. In addition, some of the handwritten ECA receipts written for cash collections were noted as "void" without a proper explanation for voiding the receipts.

For the period July 1, 2011 through December 17, 2013, collections for the ECA received by Kelly Blackard, former ECA Treasurer, were not always deposited and recorded. We reviewed all the receipts issued and other supporting documentation available to determine the receipts not deposited or recorded during the period totaled \$8,015.22.

We requested Kelly Blackard, former ECA Treasurer, to reimburse Eldon Ready Elementary School \$8,015.22, for collections not deposited.

BOOK FAIR COLLECTIONS NOT RECEIPTED OR DEPOSITED

The Librarian conducted two Scholastic Book Fairs each school year. Each book fair lasted one week during which students could purchase books and other items. All collections were accounted for using a cash register provided by Scholastic, Inc., in the library. The Librarian remitted all the cash and checks collected in a lump sum to the ECA Treasurer. The Librarian detailed all the checks received, the total amount of cash received detailed by denomination, and the amount of coins collected and reconciled this to the cash register totals.

The Librarian completed the Scholastic Book Fair invoice for all Cash & Checks Sales. From the total sales, the Librarian could choose to receive either Scholastic Dollars Value or Cash Profit Value. The ECA Treasurer was responsible to pay the amount owed to Scholastic, Inc., for the sales less the cash profit value, if chosen, based upon the invoice provided by the Librarian. The book fair collections and disbursements were accounted for in the School's Library fund.

Based on Scholastic Book Fair invoices and book fair collections recorded and deposited, we determined that not all book fair receipts were recorded or deposited, totaling \$1,214.75.

Historically, the book fair receipts and disbursements were accounted for in the Library fund. However, the October 2012 and April 2013 payments made to Scholastic, Inc., were paid from the Textbook Rental fund because the Library fund had an insufficient cash balance. The October 2013 Scholastic invoice of \$2,482.41 was not recorded in any fund in the ECA records.

We requested Kelly Blackard, former ECA Treasurer, to reimburse Eldon Ready Elementary School \$1,214.75, for book fair collections not receipted or deposited.

UNACCOUNTED FOR COLLECTIONS FROM FUNDRAISER ACTIVITIES

Various classes and teachers held fundraisers to support the cost of field trips. The sponsor of the fundraiser completed a "Fundraiser Approval Form" which included a brief description of the fundraiser, estimated profit, dates of the fundraiser, and what the profit would be used for. The Fundraiser Approval Forms were reviewed and approved by the Principal. The fundraiser sponsor collected the money and then remitted the cash and check collections to Kelly Blackard, former ECA Treasurer, at the end of the fundraiser. Kelly Blackard, former ECA Treasurer, did not provide a receipt at that time.

We obtained documentation for some fundraisers directly from the sponsors/teachers which detailed the amount collected and remitted to Kelly Blackard, former ECA Treasurer, to cover the expenses of the fundraiser and the profit. For the fundraisers reviewed, the supporting documentation from the sponsors records, when compared to the amounts receipted and deposited by Kelly Blackard, indicated that a total of \$4,277.40 was not receipted or deposited.

Many of the deposits related to fundraisers were from the students who paid by check; no cash collections were deposited. Other fundraisers included deposits of checks with only partial deposits of cash collections.

Additionally, the Unaccounted for Collections from Fundraiser Activities amount is conservative since an analysis for all fundraisers held could not be completed. For example, the Student Council purchased fragrant pencils, known as Smencils, to sell as a fundraiser. The Student Activity fund disbursed \$825 to Scentco for the purchase of Smencils; however, no receipts or deposits were noted for the sale of Smencils to cover the cost of the inventory.

We requested Kelly Blackard, former ECA Treasurer, to reimburse Eldon Ready Elementary School \$4,277.40, for the Unaccounted for Collections from Fundraiser Activities.

UNACCOUNTED FOR COLLECTIONS FROM FIELD TRIPS

Teachers planning field trips during the school year received approval from the School Corporation, as well as the Building Principal. Teachers completed a "Field Trip/Bus Request Form." The teacher completed the information pertaining to the trip such as estimated number students, destination, date, and times. The School Principal approved the trip and then the form was submitted to the transportation department for an estimate for transportation cost. Once an estimated cost was determined, the form was submitted for the approval of the Assistant to the Superintendent. The Field Trip/Bus Request Forms were used to determine the amount to charge each student based upon the total of any admission fee and transportation cost divided by the estimated number of students.

The teachers collected the fees in the classroom and then remitted the collections to the ECA Treasurer for deposit and recording in the Field Trip fund.

A comparison of the receipts and disbursements for the field trips noted that not all field trip collections receipted and deposited covered the cost of the field trip. Many of these trips included the deposits of only checks received from students; little or no cash collections were deposited. Furthermore, in February 2012, ECA Receipt #26857 was written by Kelly Blackard for a 4th grade field trip to Governor State University for \$294.45 cash that was voided without explanation.

In addition, the June 2012 \$2,393 payment to the Griffith Public Schools for the transportation cost of the field trips from January to May 2012 was recorded in the Student Activities fund. The transportation cost should have been paid from the Field Trip fund. However, if the field trip costs were paid from the Field Trip fund, the Field Trip fund would have had a negative balance of (\$1,678.13). For the 2012-2013 school year, the field trip receipt and disbursements were accounted for through the Student Activity fund.

We determined an expected collections amount for the field trips based on the fee charged and the actual number of attendees. The fee charged was determined from either the permission slip or memo sent to parents, the Field Trip/Bus Request Form, or from the receipted amounts that were deposited. The actual number of attendees was determined from the invoice attached to the purchase order for the payment of the admission fee. The expected collections were determined by multiplying the fee charged by the number of attendees. A comparison of the calculated expected collections to the actual cost of the field trip was made to ensure that expectations were reasonable based upon the school's field trip procedures. This analysis indicated a shortage in field trip monies totaling \$3,543.

The calculation noted above for Unaccounted for Collections from Field Trips amount is believed to be conservative. Several other field trips were not included in the calculation because reasonable expectations for collections could not be determined.

We requested Kelly Blackard, former ECA Treasurer, to reimburse Eldon Ready Elementary School \$3,543, for the Unaccounted for Collections from Field Trips.

Status: Total Due from Kelly Blackard: \$17,050.37

**Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.**

Kelly Blackard is in bankruptcy. Recovered \$17,050.37 from bonding company.

LAPORTE COUNTY

LAPORTE COUNTY – COUNTY AUDITOR

September 19, 2011 to December 31, 2012, Report B43260

MALFEASANCE, MISFEASANCE, OR NONFEASANCE

For the period September 19, 2011 through December 28, 2012, there were 150 deposits made that the cash deposited was less than the cash receipted. In all of these instances unreceipted or mis-recorded checks were substituted into the day's collections and cash received from departments of the County was removed. The total amount of cash removed from collections is \$153,002.46.

We found instances where cash receipted was not deposited intact. Checks received by various County departments were held and not receipted. The checks were used to replace cash collected from other departments. For example some departments would bring checks to the Auditor's Office without a collection report. These checks were never receipted into their fund. The Health Department would bring to the Auditor's Office cash and checks and the checks held from the other departments were used to replace the cash brought to the Auditor's Office by the Health Department. This in turn would make the deposit prepared for the Treasurer's Office match in total with the receipts written, but not match cash and checks individually.

Mary Ray, former Deputy Auditor, was the primary employee of the Auditor's Office that was charged with the responsibility of receipting money received by the County and assuring the funds received were properly recorded on the Funds Ledger of the County. Mary Ray, former Deputy Auditor, was also the primary employee that, after money was receipted, would take all cash and checks and copies of receipts to the Treasurer's Office for deposit.

The following were methods used to conceal the removal of cash from the Auditor's Office collections. Examples include: some cash and checks collected by the Auditor's Office were not receipted at all, checks to be voided, some issued by the County in error and others returned from vendors, were not voided but instead used to replace cash, receipts were written to departments but not posted to the records, receipt amounts were lowered to decrease the amount posted to the records, checks were receipted but held and turned over to the Treasurer at a later date, funds deposited through electronic funds transfer were not receipted to the records. The totaled amount not deposited was \$153,002.46.

Status: Total Due from Mary Ray: \$153,002.46

**Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.**

Attorney General's office waiting on outcome of Federal criminal charges.

**LAPORTE COUNTY - CLERK OF THE CIRCUIT COURT
Year 2012, Report B43259**

BONDS NOT DEPOSITED

The County Sheriff's Department collects bond money from individuals after business hours. The Sheriff records the money received by receipt and then turns the money over to one of the five LaPorte County Court Clerk's Offices to be recorded in the Court records system (Odyssey). Once the case is initiated the bond money is receipted and pertinent information is recorded in Odyssey. The Court Clerk's Office then gives the money to the Clerk of the Court for deposit.

For the time period April 22, 2013 to July 16, 2013, five bonds totaling \$2,675 received and recorded by the Sheriff's Office, then received by the Superior Court 3 Clerk's Office were not recorded on the Odyssey system and thus not turned over to the Clerk of the Court for deposit. A receipt log of all bonds given to the Superior Court 3 Clerk's Office by the Sheriff indicate Tracy Oldham, Deputy Clerk, received these five bonds.

Based on our audit, the County should be reimbursed \$2,675 for the bonds not deposited. We are requesting reimbursement from Tracy Oldham, Deputy Clerk.

Status: Total Amount Due from Tracy Oldham: \$2,675.00

**Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.**

Currently in discovery. No payments made.

**CITY OF LAPORTE, VIOLATIONS BUREAU
January 1, 2013 to June 30, 2014, Report B44733**

CITATION COLLECTIONS NOT DEPOSITED

The City of LaPorte (City) established an Ordinance Violations Bureau (Violations Bureau), which is a department of the Clerk-Treasurer's Office. Employees of the Violations Bureau are responsible for the collection of fees and fines for local ordinance violations. Citations or tickets are issued by employees of the Violations Bureau as well as City Police Officers for ordinance violations. The citations are prenumbered and preprinted to indicate the fines charged for the violations. The citation also includes additional fees to be collected if a citation is not paid within specified time periods.

The Clerk-Treasurer made comparisons of revenues recorded in 2014 for fines and fees collected by the Violations Bureau to prior years' collections. The comparisons showed a significant decline in revenues between 2012, 2013, and the first half of 2014. The Clerk-Treasurer met with the Police Chief,

Assistant Police Chief, and Information Technology Consultant on June 6, 2014, in an attempt to explain the decline in collections. It was at this time Violations Bureau employee Corey King tendered his resignation.

Immediately following the meeting, the Clerk-Treasurer contacted the Indiana State Board of Accounts. On June 23, 2014, the Clerk-Treasurer, Deputy Clerk-Treasurer, and a field examiner from the Indiana State Board of Accounts visited the Violation Bureau Office and found numerous citations and envelopes indicating payments had been made to the Violations Bureau. However, the corresponding cash, checks, and/or money orders were not located in the office and no bank deposit had been made. By period, the citation payments collected but not deposited totaled \$1,780.00.

We requested that Corey King, former Violations Bureau employee, reimburse the City of LaPorte \$1,780 for citation collections not deposited.

PARKING PASS AND CITATION COLLECTIONS RECEIPTED BUT NOT DEPOSITED

Parking Passes

The City allows residents and businesses to purchase monthly parking passes. The employees of the Violations Bureau were also responsible for the collection, receipt, and deposit of revenues related to parking passes. Separate receipt books were used by the Violations Bureau employees to record the collections of the parking pass revenues.

A comparison of receipts issued for parking passes to the corresponding deposits indicated several receipts for parking passes were not deposited totaled \$1,305.00

Citations

The computer software used by the Violations Bureau to record citations issued also allowed for the users to record payments received on those citations. Each employee of the Violations Bureau was expected to record any and all payments received from citations in the computer software. A payment report can be generated detailing the citation number, payments received, date received, and other pertinent information. A comparison was made of the collections per the payment reports by date to the deposit tickets. Collections recorded in the computer software as cash could not be traced to a corresponding deposit totaled \$100.00

We requested that Corey King, former Violations Bureau employee, reimburse the City of LaPorte \$1,405 for parking pass and citation collections receipted but not deposited.

MISSING CASH CHANGE FUND

Per Resolution 10-2001-B, a cash change fund of \$100 was established for the Violations Bureau. Upon the resignation of Corey King, former Violations Bureau employee, the Cash Change fund was missing and unaccounted for.

We requested that Corey King, former Violations Bureau employee, reimburse the City of LaPorte \$100 for the missing Cash Change fund.

ACCOUNTABILITY DIFFERENCES FOR MISSING DOCUMENTS

Missing Citation Numbers

A report entitled "Citation Listing" was provided for review exported as a computerized spreadsheet from the City's citations computer software maintained by the Violations Bureau. The Citation Listing provides a list of all citations entered into the system by the Violations Bureau employees, including citation number, date of issue, violation amount, payment information, balance due, as well as other relevant information.

We sorted the Citation Listing report in numerical sequence by citation number to determine if any citation numbers were not entered into the computer program. Over 24,000 citation numbers were noted as not being entered into the system. The overwhelming majority of these were numbered in sequential order and may represent citations in books which could not be located for audit. Other reasons included difficult to read preprinted citation numbers and voided numbers. A former Violations Bureau employee indicated voided citations were shredded.

By examining the Citation Listing and looking at the date citations number were issued, we could approximate the time period in which the missing citation numbers could have been issued. Many of the missing citation numbers were issued prior to April 2012. Due to the lack of internal controls over citations during this period, we could not determine if these missing numbers had been issued, collected, voided, shredded, or funds diverted for personal use.

However, 871 missing citation numbers were identified as being issued after Corey King, former Violations Bureau employee, began employment in April 2012. The minimum citation violation amount was \$10, which leaves a minimum accountability difference on these missing citations of \$8,710.

Missing Paid Citations

Violations Bureau Clerks maintained the paid tickets with the corresponding "Cash Receipts Register" which was printed by the date corresponding to the deposit ticket date. Only a few of the citations paid in 2013 could be located for audit.

Missing Receipts

Receipts used to record collections for parking passes were two-part (original and duplicate), prenumbered, and bound in books. In one receipt book, three sequentially issued receipts (numbers 11296-11298, inclusive) were missing. Based upon the perforated pages in the receipt book, the original receipts were torn out and the duplicate copies of the receipts, intended to be retained in the book, were also removed from the binding. Based upon the dates of the surrounding receipts, these three missing receipts would have been issued between March 24, 2014 and March 28, 2014. Each would have been issued for at least \$20, leaving an accountability difference of \$60.

From a second receipt book used for parking passes, both copies of Receipt Number 11141 were missing. Again based upon the perforated pages, the original receipt was torn from the book at the perforations, and the duplicate copies were also removed from the binding. Based upon the dates of the surrounding receipts, this receipt would have been issued on September 3, 2013, for at least \$20.

We requested that Corey King, former Violations Bureau employee, reimburse the City of LaPorte \$8,710 for missing citations and \$80 for missing parking pass receipts for a total of \$8,790 related to the accountability differences for these missing items.

Status: Total Amount Due from Corey King: \$12,075.00

Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.

Attorney General's office is working with defendant on repayment options.

LAPORTE COUNTY, DEPARTMENT OF COMMUNITY CORRECTIONS
January 1, 2012 to April 30, 2014, Report B44731

SHORTAGE IN DEPOSITS

We compared the handwritten receipts issued and recorded in the Resident Fees and Resident Trust excel ledgers, as well as to the entries recorded in an excel ledger for the Commissary revenue to the deposits in each account.

We were able to identify some deposits that we determined that a receipt was not issued and the deposit was not recorded in the financial records as follows:

1. Collections totaling \$12,787 were recorded in the Case Management Software to resident accounts which could not be verified to a handwritten receipt issued to that resident.
2. The County has a "Problem Solving Court," which also collects resident fees that are remitted through the County Auditor to the Department of Community Corrections. Checks from the County Auditor to the Department of Community Corrections totaling \$46,362 were deposited. No receipt was issued and the deposit was not recorded in the excel ledger for resident fees.
3. Some residents sent to the Department of Community Corrections had a cash bond held in trust with the County Clerk. The Court ordered the cash bond released to the Department of Community Corrections as resident fees. Checks totaling \$21,952.00 from the County Clerk were deposited. No receipt was issued and the deposit was not recorded in the excel ledger for resident fees.
4. Money orders were uncovered in the former Financial Clerk's Office after her resignation and deposited totaling \$2,134.01. We could not trace the money orders to corresponding receipts or entries to the excel ledgers.
5. Cash and coins were also found and deposited, but due to the inadequacy of the records, we could not determine if the cash and coins had been receipted or recorded in the excel ledgers.

After adjusting for the above items being deposited, but not receipted, the deposits are not sufficient to cover collections by \$11,356.93.

We requested reimbursement of \$11,356.93 from Shannon Hageman, former Financial Clerk, to the Department of Community Corrections for the amount by which receipts exceeded deposits after adjusting for items deposited, but not receipted or recorded in the records.

DERELICTION OF DUTIES

Shannon Hageman, former Financial Clerk, was responsible for preparing deposits and taking the various collections to the bank for deposit. She was also responsible for issuing the checks to the County Auditor for the resident fees collected and deposited into the Resident Fees Account.

The depository accounts were maintained at PNC Bank. The bank charges a fee of \$36 (for part of 2012 it was \$25) for each check that is returned to The Department of Community Corrections due to nonsufficient funds (NSF) fee. The bank will also charge a \$36 overdraft fee if the account balance is insufficient to cover the check.

In July 2012, the bank charged the Department of Community Corrections a \$36 overdraft item fee, and a \$25 NSF fee for a check issued by the Department of Community Corrections and presented to the bank by the County Auditor. The check was initially returned for nonsufficient funds. When the County Auditor presented the check to the bank the second time, the bank honored the check, but charged the Department of Community Corrections the \$36 overdraft fee. On October 15, 2012, the bank charged the Department of Community Corrections \$36 for an overdraft item fee for another check issued to the County Auditor for resident fees collections. Additional NSF fees and overdraft fees were incurred by the Department of Community Corrections for checks issued to the County Auditor intermittently. Because the frequency of checks being returned to the County Auditor increased, the Director of the Department of Community Corrections began an investigation in January 2014 to determine the reason for overdrawing the account.

In January 2014, the Director and Assistant Director of the Department of Community Corrections discovered numerous undeposited checks, and money orders dating back to March 7, 2012, in the office of Shannon Hageman, former Financial Clerk, as well as, some undeposited cash from vending collections. It was at this time that Shannon Hageman resigned her position as Financial Clerk.

During the period from October 15, 2012 through January 31, 2014, the Department of Community Corrections incurred \$817 in bank overdraft and NSF fees due because deposits were not made timely by the Financial Clerk.

In addition to the bank fees, the Department of Community Corrections also experienced a loss of revenue from resident fees because the money orders were stale-dated and not accepted by the bank for deposit. Attempts were made to pursue recovery directly from the issuers (Western Union, Money Gram, etc.) of the money orders. In some cases, the issuer honored the money order but deducted various fees. In other cases, the money orders were not honored due to various reasons, such as lack of information or age of the money order.

As a result, we instructed Shannon Hageman, former Financial Clerk, to reimburse the Department of Community Corrections \$5,031.03 for the service charges and fees and the amount of dishonored money orders.

Status: Total Amount Due from Shannon Hageman: \$16,387.96

Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.

Attorney General's office has filed a complaint.

MARION COUNTY

CENTER TOWNSHIP

Years 2010-2011, Report B44484

MISAPPROPRIATION OF FUNDS

Alan S. Mizen, former Chief Financial Officer, wrote Township check number 35453, dated June 10, 2010, in the amount of \$343,541.08, payable to the order of "Attorney's General Clearing Tr." This check was deposited into a bank account opened by Mr. Mizen and titled "Alan S Mizen DBA Attorney's General Clearing Tr." The funds, once deposited, were transferred to other personal accounts maintained by Mr. Mizen. These funds were then used by Mr. Mizen to purchase a residence, a pickup truck, jewelry, vacations, and to fund his child's education. These purchases were not related to official Township business and were not obligations of the Township or the Township Small Claims Court.

The Township used computerized accounting systems to account for the financial activity of the Township and the Township Small Claims Court. Check number 35453 was recorded in the accounting system of the Township; however, the check was not accounted for in the accounting system of the Township Small Claims Court. We obtained a copy of the cancelled check from the bank. It was noted that the actual payee on the printed check did not agree with the vendor listed in the accounting system. The vendor listed in the accounting system was "Treasurer of State." An invoice was created in the Township's accounting system to match the total amount of the check. The invoice indicated the "Treasurer of State" as the vendor. This invoice had the total dollar amount of the check broken down into several categories of court fees, such as, document storage, judicial salaries, court administration, and other fees. The fee breakdowns were not supported by any actual remittance reports.

The Township's accounting system stored an electronic version of the Trustee's signature which was automatically added to any printed checks. Mr. Mizen, as Chief Financial Officer, had complete access to the accounting system and the blank check stock. This unfettered access to the computer system, the unused check stock, and the Trustee's electronic signature automatically generated by the computer system, enabled Mr. Mizen to print the check without being detected.

We request that Alan S. Mizen, former Chief Financial Officer, reimburse Center Township \$343,541.08 for the misappropriated funds.

Status: Total Amount Due from Alan Mizen: \$343,541.08
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.
Attorney General's office is monitoring the federal criminal case and restitution.

MIAMI COUNTY

TOWN OF BUNKER HILL, TOWN COURT **Years 2012-2013, Report B44691**

RECEIPTS NOT DEPOSITED

A review of Town Court records indicates that certain receipts were never deposited to the Town Court bank account. In April 2014, the Judge sent out warning notices to individuals with unpaid traffic tickets indicating that their licenses would be suspended if they did not pay. One recipient of this notice called to say that she had paid. This individual provided a copy of her money order both before she submitted it to the Court, and as it cleared the bank. The money order was originally made payable to "Bunker Hill Town Court," but it had been altered to show payable to "Bunker Hill/Rogers, Careena." The back of the money order was endorsed by Careena Rogers Byers and stamped "PAY TO THE ORDER OF CHECK INTO CASH." Careena Rogers Byers was the Court Clerk at the time the payment was received. A second recipient of the warning notice provided a copy of a cleared money order which appeared to have been similarly altered and endorsed. A third recipient of the warning notice provided a PNC Bank receipt for purchase of an official check payable to "Bunker Hill Town Court" and a certified mail delivery receipt signed by the Judge. The total of these three payments was \$437.

Based on the facts as stated above, the Judge investigated every ticket written for the Town Court of Bunker Hill since his term as judge began on January 1, 2012. The Court uses the Odyssey software system for court administration and financial accounting records. Receipts are generated for all payments entered into the computer system during the day. The Court also uses a manual receipt book to account for walk-in payments received near the end of the day after "closing the till" in Odyssey. These manual receipts are entered into the Odyssey system the next day. The Judge's investigation revealed numerous cases with charges reversed or adjusted off of the records in Odyssey by Careena Rogers Byers, former Court Clerk. Additionally, there were manual receipts for many of the cases that had been

written off. At this point, the Judge notified the Indiana State Board of Accounts of his findings. The Judge stated that a dismissal of charges was rare and that the only reason for reversing a charge would be to remove an incorrect entry and replace it with a corrected entry. We examined the records, verified the Judge's findings, and scheduled all of the cases with charges reversed or evidence of payments not deposited.

Our examination revealed the existence of 4 manual receipts totaling \$598.50 for cases that still showed as unpaid in Odyssey and 40 manual receipts totaling \$6,113.50 for cases with the charges reversed or adjusted off the Odyssey system by Careena Rogers Byers, former Court Clerk. Charges for an additional 48 cases totaling \$7,197 were reversed or adjusted off by Careena Rogers, former Court Clerk, for no apparent reason, without any correcting entry or documentation to support their removal.

In all, payments on 95 cases totaling \$14,346 were received and not recorded in Odyssey or deposited. In order to discuss these cases with Careena Rogers Byers, former Court Clerk, we attempted to contact her by telephone and by certified letter in which we set a date and time for an exit conference. She did not respond and failed to appear at the scheduled time. We are requesting that Careena Rogers Byers, former Court Clerk, reimburse the Town Court of Bunker Hill \$14,346 for receipts not deposited.

Status: Total Amount Due from Careena Rogers: \$14,346.00
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.
Attorney General's office has sent a demand letter.

OHIO COUNTY

CITY OF RISING SUN AND RISING SUN - OHIO COUNTY PORT AUTHORITY **Years 2001-2013, Report B43853**

NAVY BEAN FESTIVAL COLLECTIONS

The Navy Bean Festival (Festival) is held annually in the City of Rising Sun (City). The Festival is organized and operated by a committee of volunteer citizens. The financial activity for the Festival is accounted for in the Navy Bean Fund on the financial records of the City maintained by the Clerk-Treasurer of the City.

The 2011 Festival was held on October 7 and October 8, 2011. Records presented for examination by Sue Scalf, Festival Coordinator, showed that \$7,563.10 was collected during the Festival. However, the receipts recorded in the Navy Bean Fund on the City's financial records showed \$6,963.10 or \$600 less than the Navy Bean Coordinator's records. The following is additional information regarding the 2011 Festival collections:

On December 5, 2013, Angie Turner, former Deputy Clerk-Treasurer of the City, was requested to refund \$600 to the City of Rising Sun.

SENIOR CENTER SECURITY DEPOSIT – NOT DEPOSITED

The City's Department of Parks and Recreation (Parks Department) collects security deposits for the rental of the Senior Center building. Security deposits are receipted to the Park Security Deposit Fund on the Clerk-Treasurer's financial records. On September 11, 2012, the Parks Department received a security deposit in the amount of \$625 to reserve the Senior Center building. Based on information available, the security deposit for \$625 was not deposited.

On December 5, 2013, Angie Turner, former Deputy Clerk-Treasurer of the City, was requested to refund \$625 to the City of Rising Sun.

Status: Total Amount Due from Angie Turner: \$1,225.00; PAID IN FULL
Informational letters sent to the Indiana Attorney General and local Prosecuting Attorney.

OWEN COUNTY

OWEN COUNTY AUDITOR **(To be filed)**

UNAUTHORIZED PERSONAL CREDIT CARD PURCHASES

Angie M. Lawson, former County Auditor and employee, used numerous credit cards issued in the name of the County for unauthorized personal purchases between June 11, 2009 and July 30, 2014. Personal items such as food, alcohol, gift cards, toys, miscellaneous grocery, clothing, jewelry, sales tax, batteries, miscellaneous, merchandise consumables, and miscellaneous supplies were all charged to various County credit cards in the amount of \$346,156.14.

We determined checks were issued from County funds for payment of the unauthorized personal credit card purchases mentioned above. There was no supporting documentation such as receipts and or invoices to support the credit card purchases. We also determined the payments were not supported by a claim and were not approved by the County Commissioners. The County does not have a formal policy governing the use of credit cards.

Angie M. Lawson, former County Auditor and employee, was requested to reimburse Owen County in the amount of \$346,156.14 for unauthorized personal credit card purchases.

EMPLOYEE BENEFIT PAYMENTS NOT PROPERLY WITHHELD FROM EMPLOYEE COMPENSATION

Angie M. Lawson, prior County Auditor and employee, was employed by the County on April 17, 2000 in the County Auditor's office. She was elected to the position of County Auditor from January 1, 2005 until December 31, 2012. In January of 2013, she was retained in the Auditor's office as an employee. During her tenure in the Auditor's office, she had access to the payroll system used by the Auditor's office. Starting in 2001, Angie M. Lawson had enrolled in various types of insurance and prepaid legal services but did not properly withhold the employee benefit amounts required to be paid by county employees. According to the invoices from the insurance and benefit companies, she had not made any changes to her benefits during her tenure.

Angie M. Lawson, former County Auditor and employee, was requested to reimburse Owen County in the amount of \$89,133.79 for employee benefit payments not properly withheld from employee compensation.

OVERPAYMENT OF COMPENSATION

Payroll for Angie M. Lawson, former County Auditor and employee, was reviewed for the years 2007 through 2014. Due to miscalculations, payments were not always made in accordance to the annual allowable salary. The net result is an overpayment of compensation for the time period is \$1,119.51.

Angie M. Lawson, former County Auditor and employee, was requested to reimburse Owen County in the amount of \$1,119.51 for overpayment of compensation.

CRIME INSURANCE POLICY AND OFFICIAL BOND

Angie M. Lawson, former County Auditor and employee, was covered by an official bond from January 1, 2006 to December 31, 2012.

Owen County was covered by a crime insurance policy to cover employees.

The County received \$50,000 from Employers Mutual Casualty Company on January 6, 2015 from the crime insurance policy.

**Status: Total Amount Due from Angie M. Lawson: \$386,409.44; Paid from Bond: \$50,000.00
Will be Certified Once the Report is Filed to the Indiana Attorney General,
the local Prosecuting Attorney, the Grand Jury, Circuit Court.**

PORTER COUNTY**VALPARAISO COMMUNITY SCHOOLS - VALPARAISO HIGH SCHOOL CAFETERIA
Years 2012-2013, Report B43652****RECEIPTS NOT DEPOSITED***Overview of Procedures for Depositing Cash Receipts from Cafeteria Sales*

Each individual school within the Valparaiso Community Schools' system collected cash and checks for lunches and snacks purchased. Students and/or parents could have also prepaid at each cafeteria and made online payments to the students' account. Each cafeteria deposited their daily receipts into the Valparaiso Community Schools' Food Service bank account. The duplicate deposit ticket and a copy of the deposit advice from the bank were sent to the Office Manager of Food Service at the High School. The Office Manager of Food Service recorded all deposits and reconciled the bank balance with the records up until July 2013. Beginning in July 2013, the Office Manager of Food Service was responsible for preparing a Daily Receipt Transmittal Form which included all food service receipts detailed by each cafeteria, the form of payment (cash, check, or charge), and type of meal (breakfast, lunch, adult, and ala carte). This form was sent to the School Corporation Business Office accompanied by copies of the duplicate deposit tickets and bank deposit advices from all cafeterias. The School Corporation Deputy Treasurer recorded the Food Service receipts and the School Corporation Treasurer prepared the monthly depository reconcilements of the Food Service account.

Valparaiso High School Cafeteria Deposits

The Valparaiso High School cafeteria receipts were counted and compared to cashier summaries by the Accounts Payable Clerk in the Food Service Office. Checks received were remotely deposited to the bank, except on rare occasions, when the check deposit machine was not working properly. The daily deposits taken to the bank consisted of only cash collections. Prior to July 2013, the duplicate deposit ticket and bank deposit advice were given to Julie A. Schroeder, former Office Manager of Food Service, to record in the financial records. After July 2013, a report was prepared by the Office Manager of Food Service and forwarded to the School Corporation Office. If the Accounts Payable Clerk was absent or otherwise occupied preparing the bi-weekly payroll time sheets, the Office Manager of Food Service counted the receipts, prepared the deposit, and took the deposit to the bank in addition to recording or reporting the receipts. On several of these occasions, the cash receipts were not deposited, recorded, or reported. Amounts of cafeteria cash receipts/collections not deposited totaled \$37,750.15.

We requested that Julie A. Schroeder, former Office Manager of Food Service, make restitution to Valparaiso Community Schools \$37,750.15 for cash receipts not deposited. Julie A. Schroeder, former Office Manager of Food Service, reimbursed Valparaiso Community Schools \$37,750.15 on March 7, 2014, Receipt Nos. 028595 and 028596.

Status: Total Amount Due from Julie A. Schroeder: \$37,750.15; PAID IN FULL
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.

RANDOLPH COUNTY

MODOC VOLUNTEER FIRE DEPARTMENT **January 1, 2010 to March 31, 2014, Report B44730**

NO SUPPORTING DOCUMENTATION

A review of the disbursements for the Modoc Volunteer Fire Department Inc., indicated no supporting documentation for purchases in the amount of \$4,799.74. These disbursements were for fuel, food, overdraft fees, supplies, etc. We have requested Douglas Sharp, former Fire Chief and David Cox, Fire Chief reimburse the Modoc Volunteer Fire Department \$2,868.03 and \$1,931.71 respectively for these undocumented expenditures.

Status: Total Amount Due from Douglas Sharp: \$2,868.03; Total Due from David Cox: \$1,931.71;
PAID IN FULL
Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury,
Circuit Court.
Attorney General's office has sent a demand letter to Douglas Sharp.

ST. JOSEPH COUNTY

TOWN OF ROSELAND **Years 2011-2012, Report B43219**

PERSONAL EXPENSES - FORMER CLERK-TREASURER

We found reimbursements were made to Susan J. Hammons, former Clerk-Treasurer, for expenses that are considered personal and unrelated to the operation of the Town. Reimbursements included excessive mileage, lodging, fuel, repairs to personal vehicle, and other reimbursements without documentation, totaling \$946.53.

We requested that Susan J. Hammons, former Clerk-Treasurer, reimburse the Town of Roseland the total amount of \$946.53 for mileage that was overcharged, personal meals and lodging expenses for personal time, and repairs to her personal vehicle.

PERSONAL EXPENSES - FORMER EMPLOYEE

We found reimbursements were made to former Town employee James Bowerman, the former Clerk-Treasurer's son, for expenses that were considered personal and unrelated to the operation of the Town. Mr. Bowerman was reimbursed \$264.61 for repairs to a personal vehicle.

We requested that James Bowerman, former Town employee, reimburse the Town of Roseland the total amount of \$264.61 that was used for repairs to his personal vehicle.

Status: Total Amount Due from Susan J. Hammons: \$946.53; Total Amount Due from James Bowerman: \$264.61
Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.
Attorney General's office is preparing complaints. No payment on demand letters.

***TOWN OF NORTH LIBERTY – TOWN MARSHAL
 January 1, 2011 to May 18, 2012, Report B44485***

UNACCOUNTED FOR DONATION

On December 9, 2010, Jason D. Westafer, former Town Marshal, received a \$1,000 donation from the North Liberty V.F.W. to be used for the Shop with a Cop Program. The donation was provided in cash as requested by Mr. Westafer. An Indiana State Police Investigation report indicated that the funds were kept in a locked cabinet and were never remitted to the Clerk-Treasurer to be properly accounted for. After a meeting with the Chief Deputy Town Marshal and the Town Attorney, Mr. Westafer turned over \$316 in cash. No documentation was provided to support the disbursement of the \$684 that was not remitted to the Town. Without supporting documentation we were unable verify whether the funds were used for the purpose intended.

We requested that Jason D. Westafer, former Town Marshal, reimburse the Town of North Liberty \$684.

Status: Total Amount Due from Jason D. Westafer: \$684.00
Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.
Attorney General's office sent demand letters. Preparing complaint.

TIPTON COUNTY

***CITY OF TIPTON – CITY COURT
 Year 2013, Report B44516***

COLLECTIONS NOT DEPOSITED

Deposits for three days did not agree with Receipt Journal amounts for the same time period which indicated collections of \$1,100 that were not deposited.

We requested that Michelle McCormick, former City Court Clerk, reimburse the City Court \$1,100 for the collections not deposited.

Status: Total Amount Due from Michelle McCormick: \$1,100.00
Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.
Attorney General's office sent promissory note to debtor for payments of \$200.00 per month.

VIGO COUNTY

TERRE HAUTE INTERNATIONAL AIRPORT - OFFICE AND FINANCE MANAGER January 1, 2012 to June 30, 2014, Report B44190

PERSONAL EXPENSES - CREDIT CARD AND FEDERAL EXPRESS CHARGES

Rose M. Overpeck, former Office and Finance Manager, used numerous airport credit cards for personal expenditures between August 9, 2012 and February 19, 2014. Records indicate that the Terre Haute International Airport (Airport) does not have a credit card policy. Personal items such as food, clothing, nails, gasoline, internet, cell phone monthly bills, airplane tickets, RV camping fees, and shoes were all charged to various Airport credit cards, totaling \$30,325.76.

Rose M. Overpeck, former Office and Finance Manager, issued Airport checks to Federal Express to pay for personal shipping, totaling \$398.23.

Rose M. Overpeck, former Office and Finance Manager, made personal payments to the credit card company on five occasions from April 15, 2013 to February 11, 2014, using a Buell Farms account, another employer, totaling \$7,970.80. Records further indicate that Rose M. Overpeck made personal payments to the credit card company totaling \$691 from her own bank account.

PERSONAL EXPENSES - APPLIANCES

Rose M. Overpeck, former Office and Finance Manager, purchased appliances at Lowe's Home Improvement Store that are considered personal and unrelated to the operation of the Airport. Purchases included a refrigerator, shop vac, freezer, dishwasher, washer/dryer, and other miscellaneous items, totaling \$5,043.57.

On March 6, 2014, and May 27, 2014, the Indiana State Police and Indiana State Board of Accounts recovered these appliances from Rose M. Overpeck's residence and returned them to the Airport.

OVERPAYMENT OF COMPENSATION - ROSE M. OVERPECK

Rose M. Overpeck, former Office and Finance Manager, overpaid herself \$1,230.76 in 2012 and \$5,200 in 2013. Payroll records indicate her salary was set at \$36,000 when hired on May 29, 2012. On September 15, 2012, records further indicate she changed her yearly salary compensation base from \$36,000 to \$40,000 retroactive to her start date of May 29, 2012, and issued herself a payroll direct deposit for \$615.30. Starting on September 28, 2012, Rose M. Overpeck's salary compensation reflected the \$40,000 base pay. Review of the Board minutes do not indicate that the increase in pay for Rose M. Overpeck was ever discussed or approved to be increased. As a result, Rose M. Overpeck was overpaid \$6,430.76 in salary compensation.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$6,430.76 for the overpayment of compensation.

EMPLOYEE BENEFITS - ROSE M. OVERPECK

Rose M. Overpeck, former Office and Finance Manager, overpaid herself in the form of AFLAC insurance premiums. The employee is to pay 100 percent of the premium when enrolling in AFLAC insurance as a deduction through the payroll system. Records indicate that the Airport paid premiums to

AFLAC for Rose M. Overpeck; however, payroll records do not indicate that an AFLAC deduction was ever made to her payroll. Therefore, the Airport paid 100 percent of her premium. This amounted to \$1,135.80 in 2012, \$2,271.60 in 2013, and \$378.60 in 2014, totaling \$3,786.

Rose M. Overpeck, former Office and Finance Manager, overpaid herself regarding her Health Savings Account contributions. Employees who enroll in the Health Savings Account can have funds deducted from their pay to deposit into a Health Savings Account. The Airport will contribute to the employee's Health Savings Account up to \$600 for a single employee or up to \$1,200 for an employee with spouse/child(ren)/family. Employees have to contribute a matching amount to receive the full Airport's contribution. The Airport contributions are to be made in January and July each year. Records indicate that in 2012, Rose M. Overpeck paid herself an additional \$600 in 2012, \$1,950 in 2013, and \$250 in 2014, totaling \$2,800 in overpayment. Records further indicate that Rose M. Overpeck's payments were deposited directly into her personal checking account instead of an approved Health Savings Account.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$6,586 for employee benefits.

PROCEEDS FROM SALE OF SCRAP MATERIAL NOT DEPOSITED

Weigh tickets from Mervis Industries, Inc., show that 12 loads of scrap were sold by the Airport between July 12, 2012 and February 25, 2014. Four of these tickets match checks issued to the Airport, endorsed with a stamp of THIA, and found to have been deposited in the Airport bank account. Eight of the tickets, totaling \$3,086.15, matched checks issued to the Airport and endorsed by a signature of Rose M. Overpeck and a stamped signature of at least one Airport Board member. These eight checks were not found to have been deposited in the Airport's bank account or accounted for in the ledger.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$3,086.15 for proceeds from sale of scrap material not deposited.

SURPLUS EQUIPMENT SOLD AND PROCEEDS NOT DEPOSITED

The Airport sold surplus equipment to Airport employees in 2012 and 2013. On October 1, 2012, a petty cash receipt was made out to Roger Clark for the sale of one golf cart for \$150. On June 12, 2013, a petty cash receipt was made out to Roger Clark for the sale of two surplus mowers in the amount of \$750. Records further indicate the cash collected for the sale of surplus equipment was not accounted for in the bank or ledger.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$900 for surplus equipment sold and proceeds not deposited.

PETTY CASH FUND

Rose M. Overpeck, former Office and Finance Manager, issued herself the following three checks, each made payable to Petty Cash - Rose Overpeck, during 2012 and 2013: check #73494 issued on June 26, 2012, for \$250; check #74307 issued on December 7, 2012, for \$300; and check #74989 issued on October 22, 2013, for \$500. Supporting documentation was presented for reimbursement for \$197.16, resulting in the Petty Cash being short \$852.84.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$852.84 for the Petty Cash fund.

CASH NOT ACCOUNTED FOR

Rose M. Overpeck, former Office and Finance Manager, did not always issue receipts when cash or checks were received. In one instance, an employee reimbursed the Airport in cash for parts purchased at NAPA totaling \$358.38. The employee gave the cash to Rose M. Overpeck; however, a receipt was not found and made available for examination. In addition, a corresponding deposit of cash or a check was not found.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$358.38 for cash not accounted for.

UNAUTHORIZED PERSONAL SHIRT PURCHASE

Records indicate that Rose M. Overpeck, former Office and Finance Manager, purchased two personal shirts for herself without an approval or authorization to purchase. Email correspondence was available to support this was a personal purchase and not yet authorized. Further review of the Board minutes and email does not indicate this purchase totaling \$86.96 was a valid Airport expense.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport \$86.96 for the unauthorized personal shirt purchase.

Status: Total Amount Due from Rose M. Overpeck: \$54,068.65; Total Paid by Rose M. Overpeck: \$13,705.37
Certified to the Indiana Attorney General, the local Prosecuting Attorney, The Grand Jury, Circuit Court.
Case stayed pending criminal case.

WABASH COUNTY**WABASH COUNTY - CLERK OF THE CIRCUIT COURT**
January 1, 2011 to September 13, 2013, Report B43500**CASH SHORTAGES**

A comparison of receipts written at the Clerk's Office to bank deposits made by the Clerk's Office for the period of January 1, 2011 to September 13, 2013, disclosed cash shortages of \$75,333.18. These shortages consisted of undeposited cash receipts, checks for cash substitutions, voids, adjustments, and undeposited garnishment receipts. Voids and adjustments other than cash (checks and money orders) are included in the checks for cash substitution shortage.

Sara Chamberlain, former Deputy Clerk, was terminated September 6, 2013. Deposits were reviewed from the date of her termination through September 13, 2013, with no discrepancies noted.

Sara Chamberlain, former Deputy Clerk, was requested to reimburse the Clerk's Office \$75,333.18.

Status: Total Amount Due from Sara Chamberlain: \$75,333.18
Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.
Agreed judgment with Chamberlain. \$55,000.00 paid by Chamberlain and insurance.

WHITLEY COUNTY

WHITLEY COUNTY AUDITOR

January 1, 2011 to August 25, 2014, Report B44746

IMPROPER USE OF COUNTY CREDIT CARDS

Personal Expenses Charged to County Credit Cards

Jennifer R. McGuire, former County Auditor, charged personal expenses to County credit cards between May 18, 2011, and July 24, 2014. The cards were issued to her in her name as part of the County's combined credit card account which also included cards issued to several other County employees. The monthly credit card statements identified all transactions by individual card. The personal expenses charged include but were not limited to Facebook gaming, cash advances, entertainment/travel (restaurants, airline tickets, hotels, concert and sports tickets, campground fees), groceries and home supplies, gas stations and convenience stores, monthly utility bills, home repairs and improvements, auto repairs and maintenance, and clothing. Late fees and finance charges incurred on the account as a result of the personal expense charges were also considered personal expenses.

Three payments from sources unrelated to the County totaling \$3,531.12 were made to the credit card company between September 9, 2011, and July 16, 2014. On September 9, 2011, and November 10, 2011, payments of \$6.12 and \$25.00, respectively, were made from unidentified sources. On July 16, 2014, Jennifer R. McGuire, former County Auditor, made a payment of \$3,500 from an Indiana County Auditors' Association account. Jennifer R. McGuire, former County Auditor, became Treasurer of that Association on January 1, 2014.

We requested Jennifer R. McGuire, former County Auditor, to reimburse Whitley County in the amount of \$102,215.71 for personal expenses charged to County credit cards.

Falsified Credit Card Payment Vouchers

Jennifer R. McGuire, former County Auditor, falsified payment vouchers for 35 payments made to the credit card company from County funds between July 5, 2011, and May 27, 2014. She used one or more of the following methods in preparing each of the falsified payment vouchers:

- Credits for returns or refunds on charges made by other cardholders were not deducted from the payment made on the account.
- Documentation included with the payment voucher were duplicates of prior payments already made on the account.
- Documentation included with the payment voucher did not correspond to charges on the credit card account. In some instances, the documentation was for legitimate County expenses already paid directly to the vendor. In other instances, the documentation was fictitious.
- No documentation included with the payment voucher other than a reference to pending transactions and/or exceeded credit limit in the description section of the voucher.

**Status: Total Amount Due from Jennifer R. McGuire: \$105,746.83; Paid: \$3,531.12
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.
Defendant was criminally convicted. Attorney General's office is waiting on
sentencing order to proceed.**

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SPECIAL INVESTIGATIONS - COMMENTS FOR NONFEASANCE

ALLEN COUNTY

MADISON TOWNSHIP Years 2010-2013, Report B44193

PENALTIES, INTEREST, AND FEES

Troy McDonald, Trustee, made arrangements with the Internal Revenue Service (IRS) to resolve Madison Township's failure to make the required quarterly federal tax payments (Form 941) from January 1, 2003 to September 30, 2012. From October 30, 2012 to March 11, 2014, the Township paid the IRS \$12,537.41. This amount included \$7,284.44 for liability plus \$5,252.97 in penalties, interest, and fees. We noted in prior Reports B33119 and B36693 that amounts were withheld from payroll, but the withholdings were not remitted to the proper tax collection agency. The Trustee has reimbursed the Township \$5,252.97 of the penalties that have been assessed.

Troy McDonald, Trustee, repaid Madison Township \$5,252.97.

**Status: Total Amount Due from Troy McDonald: \$5,252.97; PAID IN FULL
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.**

CLARK COUNTY

CLARK COUNTY - BOARD OF COUNTY COMMISSIONERS -2010 POST-TAX SALE October 4, 2010 to December 31, 2011, Report B43855

PROCEEDS FROM SALE OF PROPERTY NOT RECEIPTED TO FINANCIAL RECORDS

The County obtained a tax title deed on property identified as Key No. 10-20-00-201-529.000-010. On December 21, 2011, the Board of County Commissioners signed Resolution No. 10-2011 authorizing the sale of this property to the City of Jeffersonville. The Resolution stated that the City had offered the sum of \$210,000.00 for the transfer of the real estate to the City.

The purchase price of \$210,000 was paid directly to C. Gregory Fifer/Applegate, Fifer, Pulliam, LLC (AFP), who deposited the proceeds into their law firms trust account. The proceeds from the sale were received by C. Gregory Fifer/AFP on January 6, 2012. C. Gregory Fifer/AFP was to remit the net proceeds from the sale in the amount of \$182,500 (sale price of \$210,000, less 10 percent commission of \$21,000, and less appraisal fee of \$6,500) to the County.

An inspection of the County's financial records showed that \$75,023.03 was recorded as received by the County Treasurer on January 10, 2012. This payment was applied to the taxes owed on the property. C. Gregory Fifer presented information showing this amount was paid from AFP's trust account using check number 3248, dated January 6, 2012, and was made payable to the Clark County Treasurer. However, the County's financial records did not show the receipt of the remaining \$107,476.97 that represented the sale proceeds in excess of the taxes owed on the property. Two separate payments were made so that one payment would be applied to taxes owed, which is subsequently distributed to various government units; while the other payment was money belonging only to the County.

C. Gregory Fifer/AFP presented information that showed check number 3251, dated January 6, 2012, was written from AFP's trust account in the amount of \$107,476.97, and was made payable to Clark County. C. Gregory Fifer stated that AFP's records showed that the check was still outstanding and had not been processed through AFP's bank account

After discussing the unrecorded payment with C. Gregory Fifer, a replacement check, number 3670, was issued by AFP in the amount of \$107,476.97. The County Auditor issued Receipt No. 035182, dated December 6, 2012, for \$107,476.97.

Status: Total Amount Due from Applegate, Fifer, and Pulliam LLC: \$107,476.97; PAID IN FULL
Informational letter sent to Attorney General and local Prosecuting Attorney

DELAWARE COUNTY

TOWN OF GASTON **Years 2011-2012, Report B43267**

DELINQUENT WATER ACCOUNTS

The Town has an ordinance concerning discontinuance of water service for delinquent utility accounts. Ordinance No. 2007-02 states in part: "That if a Town of Gaston Resident does not pay his/her water bill within thirty (30) days after the due date thereof, a written notice of discontinuance of service shall be mailed to delinquent customer, or personally delivered to him/her or a member of said household, at least ten (10) days before shutting off service."

The balances subject to shut off, which include water and wastewater balances, represented 21 percent and 24 percent of total Accounts Receivable at December 31, 2011 and 2012, respectively. There were 15 and 7 customers at December 31, 2011 and 2012, respectively, receiving services but should have been shut off. The Clerk-Treasurer's account balance represented a customer receiving services but should have been shut off at December 31, 2011.

The Town has an ordinance concerning billing practices which addresses procedures for making adjustments to utility accounts. Ordinance No. 1999-12 states in part: "Adjustments to be made on leaks for water and sewage costs will be given only after the customer has corrected the condition causing the leak and sign an adjustment voucher in the utility office. . . . Each month the adjustments made will be presented to the Council President for review of adjustments given."

A review of employee History Printouts indicated there were three unsupported adjustments totaling \$403.08 made to the Clerk-Treasurer's account in 2012. There were no Leak Adjustment forms or other documentation supporting the adjustments. It was verified that at least two of the three adjustments were made by the Clerk-Treasurer. Adjustments were not presented to the Council President for review. Krista Harris repaid \$403.08 to the Town subsequent to our exit conference.

ORDINANCES AND RESOLUTIONS - PAYROLL

As noted in prior Report B39638 and during in the current examination period, several employees were not paid according to the ordinance. The following overpayments and underpayments were noted:

Krista Harris, Clerk-Treasurer, was overpaid \$550.57 in 2011 due to issuing two checks to herself for the payroll period ending September 8, 2011, and was overpaid \$550.57 in 2012 due to issuing two checks to herself for the payroll period ending December 27, 2012. Krista Harris repaid \$1,101.14 to the Town subsequent to our exit conference.

Audra Koontz, former President of the Town Council, was underpaid a total of \$115.50 in 2011 due to underpayment of 11 monthly salary payments.

Joe Hardwick, member of the Town Council, was underpaid a total of \$114.07 in 2011 due to underpayment of 11 monthly salary payments.

Vickie Oliver, former member of the Town Council, was overpaid \$231.66 in 2011 due to underpayment of 11 monthly salary payments for a total of \$114.17 and receiving an extra check for December 2011 in the amount of \$345.83. Vickie Oliver repaid \$231.66 to the Town subsequent to our exit conference.

James Oliver, Marshal, was underpaid \$71.55 in 2011 due to underpayment of three different payroll periods.

Time cards were not properly completed. Time cards for full-time employees did not always total 40 hours, hours worked were not noted by day, and department heads did not always approve time cards. Service records were not maintained.

**Status: Total Amount Due from Krista Harris: \$1,504.22; PAID IN FULL;
Total Amount Due from Vickie Oliver: \$231.66; PAID IN FULL**

***MUNCIE SANITARY DISTRICT
October 23, 2012 to August 28, 2014, Report B44732***

TRUCKING CHARGE

The Muncie Sanitary District (District) hired RCM Construction, Inc., to haul salt during the winter of 2013. The fee for this service was \$55 per ton. A review of weight tickets from the salt supplier indicated that RCM Construction, Inc., overbilled the District by 145.81 tons. This overbilling resulted in the District overpaying RCM Construction, Inc., \$8,019.55.

On November 14, 2014, RCM Construction, Inc., reimbursed the District \$8,019.55 for these overcharges.

DELINQUENCY COLLECTIONS NOT REMITTED

Peter Drumm, former Attorney for the District, handled the collection of delinquencies for the period May 2009 to December 2012. These services were considered outside the scope of his duties as the District's attorney. No contract was entered into for these services.

In 2014, the District reconciled their records to payments and accompanying documentation previously remitted by Peter Drumm, former Attorney for the District, and determined that \$7,292.76 had not yet been remitted to the District.

On November 20, 2014, Peter Drumm, former Attorney for the District, paid the District \$7,292.76 for unremitted delinquency collections.

**Status: Total Amount Due from RCM Construction, Inc.: \$8,019.55; PAID IN FULL;
Total Due from Peter Drumm: \$7,292.76; PAID IN FULL
Informational letter sent to Attorney General and local Prosecuting Attorney**

FOUNTAIN COUNTY

TOWN OF KINGMAN - CLERK-TREASURER

Years 2011-2012, Report B43290

COMPENSATION AND BENEFITS - OVERPAYMENT OF SALARY

The Town paid Tamara D. Newby, former Clerk-Treasurer, \$875 on October 11, 2012, and she resigned on October 12, 2012. This payment would have been the entire amount due for the month of October. This resulted in an overpayment of \$536.29.

We have requested Tamara D. Newby, former Clerk-Treasurer, to reimburse the Town \$536.29.

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid \$453.98 (former Clerk-Treasurer) and \$82.19 (current Clerk-Treasurer) in penalties, interest, and other charges

We have requested Debra S. Hall, former Clerk-Treasurer, to reimburse the Town \$453.98 and Abigail G. Lawson, Clerk-Treasurer, to reimburse the Town \$82.19.

**Status: Total Amount Due from Tamara D. Newby: \$536.29;; PAID IN FULL; Total Amount Due from Debra S. Hall: \$453.98; Total Amount Due from Abigail G. Lawson: \$82.19; PAID IN FULL Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.
Default judgment against Hall.**

FRANKLIN COUNTY

FRANKLIN COUNTY - COUNTY TREASURER

Year 2012, Report B43244

BANK RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained the following errors:

1. The funds ledger balance in the Treasurer's Cash Book, which was used in the depository reconciliation, did not agree to the County Auditor's and County Treasurer's funds ledger balance.
2. The reconcilment contained a reconciling item entitled "Child Support" that was not identified and could not be verified.

The Treasurer's Office had a cash shortage of \$269.38 as of December 31, 2012.

On November 7, 2013, Rebecca Oglesby, former Treasurer, was requested to refund \$269.38 to Franklin County.

**Status: Total Amount Due from Rebecca Oglesby: \$269.38; PAID IN FULL
Informational letter sent to Attorney General and local Prosecuting Attorney**

MIAMI COUNTY

TOWN OF BUNKER HILL

Years 2011-2013, Report B44690

PENALTIES, INTEREST, AND OTHER CHARGES

The Town did not remit federal withholding taxes or file quarterly payroll tax returns on a timely basis. As a result, the Town paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$8,800.61. The Town and the Water Utility also paid the Indiana Department of Revenue \$47,230.25 in excess of their liabilities for state and local withholding taxes and sales tax. The Town received refunds totaling \$37,974.21 from the Indiana Department of Revenue as a result of overpayments. The difference of \$9,256.04 is attributable to penalties, interest, and other charges. The Water Utility also did not remit utility receipts taxes or file annual utility receipts tax returns on a timely basis. As a result, the Water Utility paid \$1,023.52 in penalties and interest to the Indiana Department of Revenue.

Sarah Betzner, former Clerk-Treasurer, has been requested to reimburse the Town and the Water Utility a total of \$19,080.17 for the amount of penalties, interest, and other charges incurred as a result of late payments and late filings.

OVERPAYMENT COLLECTIONS

The Town made 43 payroll advances to six different employees totaling \$6,790. Of this amount, only \$5,020 was subsequently deducted from the employees' normal paychecks. As a result, three employees were overpaid by a total of \$1,770.

The employees have been requested to reimburse the Town for the overpayments. Christine Waisner repaid the Town \$100 on her last day of employment. Rodney Deckard is still employed by the Town, and has agreed to repay the Town through payroll withholding at \$50 per pay over 16 pay periods. Shane Books, former employee, has been requested to reimburse the Town \$870 of overpaid salary, and has entered into a payment arrangement with the Town.

UNIDENTIFIED AND UNDOCUMENTED BANK ACCOUNT WITHDRAWALS

During our review, we noted nineteen undocumented withdrawals from the Town's bank accounts totaling \$74,891.09. As evidenced by his signature on the withdrawal slips, withdrawals of \$7,000 and \$4,524.04 from the Town's bank account were made in 2013 on March 11 and April 17, respectively, by Robert Cox, President of the Town Council. Two of the withdrawals totaling \$22,603.50, as evidenced by her signature on the withdrawal slip were made by Sarah Betzner, former Clerk-Treasurer. One withdrawal for \$6,233.78 was a levy against the account by the Indiana Department of Revenue, and no documentation could be found to indicate who initiated the remaining \$34,529.77 of withdrawals.

Through loan histories and other documents obtained from the bank, we were able to determine that eighteen of the withdrawals totaling \$69,287.09 as legitimate obligations of the Town, leaving one \$5,604.00 unidentified undocumented withdrawal from the Town bank accounts. Sarah Betzner, former Clerk-Treasurer, has been determined to be directly responsible for this withdrawal and has been requested to reimburse the Town \$5,604.00.

**Status: Total Amount Due from Sarah Betzner: \$24,684.17; Total Amount Due from Christine Waisner: \$100.00; PAID IN FULL; Total Amount Due from Rodney Deckard: \$800.00; PAID IN FULL; Total Amount Due from Shane Books: \$870.00; Paid: \$100.00
Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.
Attorney General's office filed complaint.**

MORGAN COUNTY

ASHLAND TOWNSHIP

January 1, 2010 to November 18, 2013, Report B43134

SUPPORTING DOCUMENTATION

There were numerous payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records.

A similar comment appeared in prior Reports B42208 and B39649.

Due to the lack of supporting documentation, we could not verify the purpose of the disbursements or that salary or contractual payments were for the proper amounts. Sandra Norman, former Trustee, was requested to reimburse the Township \$271,860.97 for the disbursements made without supporting documentation.

REPORTING TO FEDERAL AND STATE AGENCIES

The Township did not comply with directives of the Internal Revenue Service and Indiana Department of Revenue by failing to remit income tax and Social Security and Medicare withholdings and/or required payroll reports for 2012 and 2013. Also, the employer share of Social Security and Medicare was not paid. Additionally, payments made for cemetery mowing, maintenance, and cleaning were not reported to federal and state agencies in 2012 and 2013. A similar comment appeared in prior Reports B42208 and B39649.

On October 25, 2013, Citizens Bank received a notice of levy for a tax warrant issued by the Indiana Department of Revenue against Ashland Township in the amount of \$677.94 for delinquent taxes. As of October 25, 2013, the Township bank account at Citizen's Bank had a balance of \$400.18. The Bank issued payment from the Township account in the amount of \$400.18 as partial payment of the tax warrant. The total amount due of \$677.94 included base tax, interest, penalty, costs, damages, and collection fees to date. Sandra Norman, former Trustee, was requested to reimburse the Township \$400.18 for the amount levied for delinquent taxes, penalties, interest and other costs withdrawn from the Township bank account.

Status: Total Amount Due from Sandra Norman: \$272,261.15
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.
Attorney General's office filed an amended complaint combining with
residual amount from prior audit. Working on bond recovery.

NEWTON COUNTY

TOWN OF KENTLAND - CLERK-TREASURER

January 1, 2011 to December 31, 2012, Report B44256

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid \$332.37 in penalties, interest, and other charges to the Indiana Department of Revenue because the Town did not remit payments on a timely basis.

We requested that Deborah Plunkett, former Clerk-Treasurer, reimburse the Town of Kentland \$332.37 for penalties and interest paid for Aviation Sales Tax for 2009 and 2010.

Status: Total Amount Due from Deborah Plunkett: \$332.37; PAID IN FULL
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.

PARKE COUNTY

TOWN OF BLOOMINGDALE **Years 2010-2012, Report B43171**

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid \$1,782.57 in penalties, interest, and other charges because the Town did not remit payments on a timely basis.

Peggy Brown, former Clerk-Treasurer, reimbursed the Town of Bloomingdale \$1,782.57 for penalties, interest, and other charges on December 31, 2013, Receipt No. 776.

Status: Total Amount Due from Peggy Brown: \$1,782.57; PAID IN FULL
Informational letter sent to Attorney General and local Prosecuting Attorney

PORTER COUNTY

TOWN OF BEVERLY SHORES **Years 2012-2013, Report B44548**

PENALTIES AND INTEREST AND OTHER CHARGES

Internal Revenue Service - U.S. Department of the Treasury

Penalties and interest totaling \$4,873.95 were incurred by the Town and paid to the Internal Revenue Service (U.S. Department of the Treasury) for the tax years 2012 and 2013.

We requested that Laura Sullivan, Clerk-Treasurer, reimburse the Town \$4,873.95 for penalties, interest, and late fees paid to the Internal Revenue Service - U.S. Department of the Treasury.

Indiana Department of Revenue

Penalties, interest, and collection fees totaling \$1,313.82 were incurred by the Town and paid to the Indiana Department of Revenue for the tax years 2012, 2013, and 2014.

As a result of the delay in payment of the withholding tax, the Town received numerous legal notices that a tax warrant had been issued against the Town for failure to pay taxes due. The letter stated in part that "further action against you including garnish of wages, levy on bank accounts, levy and auction of real estate and personal property. The tax warrant constitutes a judgment against you, secured by a lien against both real and personal property filed in the judgment docket of the Porter County Clerk's Office."

We requested that Laura Sullivan, Clerk-Treasurer, reimburse the Town \$1,313.82 for penalties, interest, and late fees paid to the Indiana Department of Revenue.

State Unemployment Tax

Penalties and interest totaling \$458.14 were incurred by the Town and paid to the Indiana Workforce Development for the tax years 2012, 2013, and 2014.

We requested that Laura Sullivan, Clerk-Treasurer, reimburse the Town \$458.14 for penalties, interest, and late fees paid to the Indiana Workforce Development.

The total of penalties, interest, and late fees paid by the Town due to the failure the Clerk-Treasurer to timely deposit and file Federal and State Taxes was \$6,645.91.

LATE PAYMENT OF INVOICES

The Town has ten separate accounts with Northwest Indiana Public Service Company (NIPSCO) for the consumption of gas and electric at various locations. Invoice amounts vary from month to month depending on the usage. The invoices supporting the accounts payable voucher did not agree to the amount indicated as paid on the accounts payable voucher or to the check issued to NIPSCO. Amounts billed were significantly higher than the amounts paid. Based upon the invoices reviewed (not all were provided), the Town is in arrears on the gas and electric bills.

The Town has a lease agreement with a financial institution for the purchase of a new vehicle. According to the lease, the first payment was due on June 20, 2012, and is due quarterly thereafter. Out of the seven payments that were due, only one was paid on or before the due date. Other payments were from 20 to 56 days late. As a result, the Town may incur additional interest fees for late payments on the lease.

The Town receives a monthly invoice from a vendor for cable television, high-speed internet, and digital voice services. We noted that these invoice were not paid timely and the Town incurred \$51 in late fees.

We requested that Laura Sullivan, Clerk-Treasurer, reimburse the Town \$51 for late fees paid to cable television, high speed internet, and digital voice services vendor.

Status: Total Amount Due from Laura Sullivan: \$6,696.91

Certified to the Indiana Attorney General, the local Prosecuting Attorney, the Grand Jury, Circuit Court.

Attorney General's office sent a demand letter. Complaint has not been filed due to the possibility of more charges.

PUTNAM COUNTY**NORTH PUTNAM COMMUNITY SCHOOLS**

July 1, 2004 to June 30, 2013, Report B44189

FINANCE CHARGES AND LATE PAYMENT FEES (Applies to North Putnam Middle School)

Beginning in July 2004, finance charges and late payment fees were added to the North Putnam Middle School's Sam's Club credit card account for late payments. The Middle School closed its Sam's Club credit card in March of 2010. At the time it was closed, the balance was not paid off. Finance charges and late payment fees continued to be added until the account was paid off in January 2013. It is the School Corporation's policy to pay credit card bills in full when the statement is received; however, Kara Smith, former North Putnam Middle School Extra-Curricular Treasurer, did not comply with the policy. Therefore, the Middle School incurred and paid \$7,097.08 in finance charges and late payment fees to Sam's Club for not remitting payments on a timely basis.

Kara Smith, former North Putnam Middle School Extra-Curricular Treasurer, was requested to reimburse North Putnam Middle School \$7,097.08 for finance charges and late payment fees.

Status: Total Amount Due from Kara Smith: \$7,097.08; PAID IN FULL
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.

ST. JOSEPH COUNTY

TOWN OF ROSELAND **Years 2011-2012, Report B43219**

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties, interest, and other charges to Internal Revenue Service and the Indiana Department of Revenue in the amount of \$18,586.97 and \$499.93, respectfully, because the Town did not remit payments on a timely basis.

Of these amounts, \$15,447.52 and \$149.65 pertain to Susan J. Hammons, former Clerk-Treasurer, and since a prior report noted that future penalties and interest would be the responsibility of the former Clerk-Treasurer, we requested that Susan J. Hammons should repay these amounts to the Town. The remaining differences pertain to Robin Ackerson, current Clerk-Treasurer, and any future penalties and interest will be the responsibility of the current Clerk-Treasurer.

Status: Total Amount Due from Susan J. Hammons: \$15,597.17
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.
Attorney General's office is preparing complaints. No payment on demand letters.

SWITZERLAND COUNTY

TOWN OF PATRIOT - CLERK-TREASURER **Years 2011-2012, Report B43907**

ADDITIONAL COMPENSATION PAID TO CLERK-TREASURER

Linda Fisk, Clerk-Treasurer, who also performs duties for the Town's utilities, was paid a \$650 Christmas bonus during the year 2012 from the Water Operating fund. Salary ordinance No. 2011-12-1, passed by the Town Council on December 21, 2011, for compensation to be paid in the year 2012, did not include a Christmas bonus for the year 2012 for the Clerk-Treasurer. The net pay (excluding payroll withholdings) for the additional compensation paid was \$496.74.

Upon our request, Linda Fisk, Clerk-Treasurer, refunded \$496.74 to the Town of Patriot.

Status: Total Amount Due from Linda Fisk: \$496.74; PAID IN FULL
Informational letter sent to Attorney General and local Prosecuting Attorney

VIGO COUNTY

TERRE HAUTE INTERNATIONAL AIRPORT - OFFICE AND FINANCE MANAGER

January 1, 2012 to June 30, 2014, Report B44190

SUPPORTING DOCUMENTATION

Several payments totaling \$914.12 were observed which were not supported by appropriate documentation, such as receipts and invoices. The checks were issued by Rose M. Overpeck, former Office and Finance Manager.

Due to the lack of supporting documentation, the validity and accountability for some monies disbursed could not be established.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$914.12 for supporting documentation.

PENALTIES, INTEREST, AND OTHER CHARGES

The Airport paid penalties, interest, and other charges to various vendors including First Bankcard, Joink, Pitney Bowes, Vectren Energy Delivery, Wright Implement, and Indiana American Water in the amount of \$234.75 because the Airport did not remit payments on a timely basis.

Rose M. Overpeck, former Office and Finance Manager, was requested to reimburse the Terre Haute International Airport in the amount of \$234.75 for penalties, interest, and other charges.

Status: Total Amount Due from Rose M. Overpeck: \$1,148.87

**Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.**

Case stayed pending criminal case.

WARREN COUNTY

PIKE TOWNSHIP

Years 2012-2013, Report B43288

COMPENSATION AND BENEFITS - TRUSTEE

The latest approved payroll resolution (2010) stated that the Trustee was to receive \$225 a month for salary and \$85 a month for rent payments. In 2013, Heather Perry, former Trustee, was in office for seven months and therefore should have received \$2,170. The former Trustee was paid \$17,440 for salary and rent in 2013 which resulted in an overpayment of \$15,270 to Heather Perry, former Trustee. Heather Perry, former Trustee, did not receive a W-2 or 1099 for compensation. A similar comment was included in prior Report B42264.

Heather Perry, former Trustee, was requested to reimburse Pike Township \$15,270 for overpayment of salary and rent.

COMPENSATION AND BENEFITS - CLERK

The latest approved payroll resolution (2010) stated that the Clerk was to receive \$50 a month for salary. In 2013, the former Clerk was employed for seven months and was paid \$700 for salary. This resulted in an overpayment of \$350 to William Perry, former Clerk. The former Clerk did not receive a W-2 or 1099 for compensation.

Heather Perry, former Trustee, was requested to reimburse Pike Township \$350 for overpayment of salary to the former clerk.

Status: Total Amount Due from Heather Perry: \$15,620.00
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.
Combined with previous audit. \$14,980.00 paid to date.

WARREN TOWNSHIP**Years 2010-2013, Report B44517****COMPENSATION OVERPAYMENT**

Nanette Cronk, Trustee, received \$2,800 each year in 2010, 2011, 2012, and 2013 for compensation. A budget was not approved for 2010, 2011, 2012, and 2013. Therefore, the budget reverted back to the last approved budget which was for 2007. The amount approved in 2007 for the Trustee salary was \$2,500. This resulted in an overpayment of compensation of \$300 in each of 2010, 2011, 2012, and 2013.

Nanette Cronk, Trustee, was requested to reimburse the Township \$1,200 for the compensation overpayment.

OFFICE RENT OVERPAYMENT

Nanette Cronk, Trustee, received \$560 each year in 2010, 2011, 2012, and 2013 for office rent. A budget was not approved for 2010, 2011, 2012, and 2013. Therefore, the budget reverted back to the last approved budget which was for 2007. The amount approved in 2007 for office rent was \$360. This resulted in an overpayment of office rent of \$200 in each of 2010, 2011, 2012, and 2013.

Nanette Cronk, Trustee, was requested to reimburse the Township \$800 for the office rent overpayment.

Status: Total Amount Due from Nanette Cronk: \$2,000.00; PAID IN FULL
Certified to the Indiana Attorney General, the local Prosecuting Attorney,
the Grand Jury, Circuit Court.



SIGNIFICANT COMMENTS

STATE

INDIANA DEPARTMENT OF ADMINISTRATION April 1, 2010 to January 31, 2014, Report B43709

INTERNAL CONTROL OVER REVENUE COLLECTION

During our testing of revenue collections we identified the following deficiencies in the internal control structure:

1. Duties were not sufficiently segregated over parking garage collections. The same person that counts the cash, prepares the deposit, and takes the deposit to the bank.
2. Parking Garage revenue from invoiced hotel and event parking was not recorded in the State's ENCOMPASS accounting system when earned. Garage management maintains a manual billing system for this revenue outside of Indiana Department of Administration (IDOA) management oversight.
3. Revenue totaling \$86,821 from procurement rebates was deposited in the Treasurer of State bank account in July 2013, but not identified or recorded as revenue by IDOA until inquired upon during our review eight months later.

FUNDS MAINTAINED OUTSIDE OF THE STATE'S ACCOUNTING SYSTEM

The Indiana Department of Administration (IDOA) withheld cash in the amount of \$5,000 from special event parking revenue deposits to fund a cash change fund. There are no reconciliations, cash counts, or accounting records that account for this cash. No written procedures detailing the process to safeguard these funds were provided for review.

SDO FUND RECONCILIATIONS

The Indiana Department of Administration (IDOA) has not properly performed reconciliations of two of its three active SDO advances, Local Purchase Numbers (LPN) 4651 and 3405. Proper closing reconciliations for a fourth SDO advance (LPN 2293) have not been completed. On all three SDO accounts, manual records provided for review do not reconcile to records on the State's ENCOMPASS financial accounting system.

LPN 4651 - the balance per ENCOMPASS is \$1,059 less than the balance per agency manual records. Expenses for LPN 4561 totaling \$1,598, incurred over a year ago, have not been submitted for reimbursement, and deposits in transit of \$636 have been carried as a reconciling item on the agency provided reconciliations since 2010.

LPN 3405 - the balance per ENCOMPASS is \$1,553 more than the balance per agency manual records. Bank fees totaling \$504 incurred over many years on LPN 3405 have not been submitted for reimbursement.

LPN 2293 - although the bank account for this SDO fund has been closed, the associated fund in ENCOMPASS was not reconciled. The fund per ENCOMPASS records is \$209.73 less than the amount needed to balance to the advance.

INDIANA PROTECTION AND ADVOCACY SERVICES COMMISSION
March 1, 2012 to December 31, 2013, Report B44346**SDO FUND RECONCILIATIONS**

The Indiana Protection and Advocacy Services Commission had not performed reconciliations of its Special Disbursing Officer (SDO) advance account. Bank reconcilements need to be conducted and reviewed by someone other than the employee assigned to perform the reconcilements.

The agency has two SDO accounts listed within Encompass SDO-IPAS-JPMC and SDO-IPAS-LETB.

The LETB SDO account was not reconciled when it was closed; it is \$120 short at December 31, 2013. The balance of the SDO-IPAS-JPMC account at December 31, 2013, was \$2,000. The ending bank balance for the SDO-IPAS-JPMC account at December 31, 2013, was \$1,932.07; therefore, the bank is short \$67.93.

DEPARTMENT OF HOMELAND SECURITY
March 1, 2011 to February 28, 2014, Report B44118**INTERNAL CONTROLS OVER TRAVEL CARDS**

The following deficiencies in the internal controls over travel card disbursements were identified:

Five out of ten monthly Travel Card vouchers tested contained transactions that were not in compliance with the Travel Card rules. Four of the ten monthly Travel Card vouchers tested contained disbursements for luggage fees.

One of the ten monthly Travel Card vouchers contained two transactions that were charged to the Card by a person other than the cardholder. By signing the application and the appropriate Cardholder User Agreement, cardholders agree to not allow anyone to use their card.

The two transactions referenced in item 2 were non-travel purchases which should not have been charged to a Travel Card.

BUREAU OF MOTOR VEHICLES; BUREAU OF MOTOR VEHICLES COMMISSION
Years 2012-2013, Report B44518**INCORRECT FEES CHARGED AND DISTRIBUTED**

The Bureau of Motor Vehicles and Bureau of Motor Vehicles Commission (BMV/C) are responsible for charging and collecting many different fees. The BMV/C is also responsible for distributing the collections to the correct state and county funds. The fees charged, collected, and distributed are defined by the State Legislature in several different statutes and Administrative Codes.

On March 7, 2013, a class action lawsuit was brought against the BMV/C claiming that the BMV/C had over charged for different types of driver's licenses over a period of years. As a result of this lawsuit the State Board of Accounts (SBOA) tested 10 other fees charged during 2012 to determine if the BMV/C was over or under charging any other fees. During our testing, we identified that the correct fee amount was difficult to determine based on the language in the laws; therefore, we were unable to determine the amount overcharged or undercharged for the fees tested.

However, the SBOA did determine that the distribution of excise tax collections to the Counties was under distributed due to the BMV/C withholding too much for expenses incurred from each excise tax transaction. As a result of our test, the SBOA and BMV/C worked together and refunded the Counties the amount under distributed by the BMV/C.

Additionally, as a result of our test, and the class action lawsuit the BMV/C evaluated all the fees the BMV/C was collecting and distributing. During 2013, the BMV/C adjusted down all fees they determined were being overcharged. They did not adjust up the fees they felt were undercharged.

The BMV/C has requested and received permission to hire a private consulting/audit firm to audit BMV/C practices and procedures to ensure they are legally compliant. The scope of the audit has not yet been finalized; however, this will not be considered a financial audit. A review of the BMV/C's software "System Tracking and Record Support" (STARS) will be a part of the scope of the engagement. The BMV/C recently identified that the STARS system was misapplying a certain adjustment to certain vehicles, which has resulted in an estimated \$29 million in refunds to be issued to motorists. An exact amount of the refunds and timing as to when the refunds will be issued had not yet been determined as of the date of this report.

New legislation was passed that takes effect January 1, 2015. House Enrolled Act 1237 replaces all previous applicable Indiana Codes and Indiana Administrative Codes, affecting BMV/C fees charged, collected, and distributed. This code rewrite makes it less complicated to determine what the proper fees charged and distributed by the BMV/C should be.

INDIANA DEPARTMENT OF CHILD SERVICES
March 1, 2010 to January 31, 2014, Report B44351

LATE INTEREST PENALTY PAYMENTS

The Auditor of State's accounting records reflect late payment penalties paid to vendors and charged to accounts of Indiana Department of Child Services (DCS) as a result of untimely payment of claims. Total penalties for the fiscal year 2011, 2012, and 2013 were \$330,525.61, \$115,314.63, and \$181,328.58, respectively.

OFFICE OF COMMISSIONER OF AGRICULTURE AND
INDIANA GRAIN INDEMNITY CORPORATION
February 1, 2012 to December 31, 2013, Report B44404

SPECIAL DISBURSEMENT OFFICER (SDO)

In our prior report, we reported a shortage totaling \$6,363 in the Special Disbursement Officer (SDO) fund at Office of Commissioner of Agriculture (Department) and certified that report to the Attorney General's Office. We noted during the current review period that the fund still has a shortage of \$6,363. This SDO fund has not had any activity since June 2009.

The SDO check register and bank account do not balance to the SDO advance amount. In our prior review report we cited the Department for not reconciling the SDO advance. During the current review period, the Department continued to not perform monthly reconciliations for the SDO advance.

COUNTIES

ALLEN COUNTY

ALLEN COUNTY
Year 2013, Reports B44192 and B44352

DEPARTMENT OF HEALTH

MALFEASANCE

On April 11, 2014, the Fort Wayne-Allen County Department of Health discovered that an employee did not deposit \$2,133 from mailed cash payments for birth certificates. We reviewed the supporting documentation and concur with the charged amount. The employee admitted to the theft upon questioning and was terminated immediately. The County and the employee agreed, through a written agreement, that the employee would repay the theft back to the County in installments of \$300-\$400 per month until repaid. To date, the employee has paid back \$700 and is current on monthly installments due.

BENTON COUNTY

COUNTY AUDITOR
Year 2012, Report B44740

PENALTIES, INTEREST, AND OTHER CHARGES

On November 27, 2013, the County paid \$1,166.99 in penalties and interest to the Internal Revenue Service because tax payments for the quarter ending September 30, 2012, were not remitted timely.

DELAWARE COUNTY

DELAWARE COUNTY
Year 2013, Reports B44210 and B44529

COUNTY TREASURER

BANK ACCOUNT RECONCILIATIONS

The County Treasurer's Office depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained unidentifiable errors resulting in a net short of \$247,354 which included an outstanding check list for December 31, 2013, that was incorrectly totaled. Therefore, the reconciliation was not accurate. The amount in the County Treasurer's Cash Book representing the Funds Ledger was \$256,835 less than the actual Fund Ledger maintained by the County Auditor.

DELAWARE COUNTY FAIRGROUNDS**ERRORS ON CLAIMS**

A test of claims identified the following deficiencies with an error rate greater than 10 percent: Of the 23 claims submitted by the Delaware County Exposition Center, Inc., 43 percent did not have adequate supporting documentation. This error resulted in \$9,729 of expenditures which did not have adequate supporting documentation.

DELAWARE COUNTY HEALTH DEPARTMENT**COLLECTION OF AMOUNTS DUE**

A total amount of \$14,160 was due to the governmental unit as of December 31, 2013, as a result of the following:

1. The Health Department did not charge the \$430 Food Service Inspection Permit fee to 33 schools in Delaware County for the year 2013.
2. The Health Department did not charge the \$430 Food Service Inspection Permit fee to the Elks Club for the year 2013.
3. The \$430 Food Service Inspection Permit fee was incorrectly charged in 3 of the 41 items selected for testing.

FRANKLIN COUNTY**FRANKLIN COUNTY AUDITOR**

Year 2012, Report B43146

PENALTIES, INTEREST, AND OTHER CHARGES

The County paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$5,552.71 because of an error in the calculation and remittance of Social Security taxes.

GRANT COUNTY**GRANT COUNTY**

Year 2013, Reports B44194 and B44397

GRANT COUNTY TREASURER**BANK ACCOUNT RECONCILIATIONS**

The County Treasurer has the statutory obligation to reconcile the bank accounts for the funds maintained by the County. Bank reconciliations were not performed by the unit during 2013. The December 31, 2013 bank reconciliation was completed by the Indiana State Board of Accounts in September 2014. As of December 31, 2013, the difference between the adjusted bank balance and Auditor's Fund Ledger indicated cash long of \$401,744.70. Outstanding checks listed on the outstanding check report date as far back as April 20, 2001.

GREENE COUNTY

GREENE COUNTY

Year 2013, Reports B44609 and B44610

CLERK OF THE CIRCUIT COURT

CONDITION OF RECORDS

Financial records presented for audit for the Clerk of the Circuit Court's funds were incomplete and not reflective of the activity of the Clerk of the Circuit Court's funds. The records presented included a print out from an old MHI account with a detail of accounts payable that did not agree to the amount being used as the cash fund balance. This is an old account that cannot be converted to the new Odyssey system. It contains many posting errors made over a long period of time.

The MHI account records included an outstanding check list, but it was not being used as part of the reconciliation of the account. As of December 31, 2013, the detail to the control ledger was \$52,887 short; the amount of this difference as of December 31, 2012, was \$53,187. The cash reconciliation using the outstanding check list for the MHI account was \$3,131 short.

HOWARD COUNTY

HOWARD COUNTY

Years 2012-2013, Report B44292

MAINTENANCE DEPARTMENT

COUNTY ASSETS CONVERTED TO PERSONAL USE

During the course of a criminal investigation, items of equipment purchased with County funds were found at the personal residence of Darrell Scott Reed, former Maintenance Department Supervisor. In addition, various building supplies and other items were purchased with County funds budgeted for the Maintenance Department. The claim vouchers did not specify a project or location for which the supplies were purchased. These claim vouchers were approved and signed by Darrell Scott Reed, former Maintenance Department Supervisor. We could not verify whether these purchases were for County use or personal use. Darrell Scott Reed, former Maintenance Department Supervisor, was arrested on January 8, 2014, and charged with three counts each of theft and official misconduct.

On September 16, 2014, Darrell Scott Reed, former Maintenance Department Supervisor, was sentenced under a plea agreement and ordered to pay \$3,600 in restitution.

JENNINGS COUNTY

JENNINGS COUNTY Year 2012, Report B43478

JENNINGS COUNTY TREASURER

CONDITION OF RECORDS

The Treasurer's Cash Book does not reconcile to the bank accounts at December 31, 2012. The Cash Book indicates an unidentified cash long that continues to fluctuate from month to month and has increased from \$113,328 at December 31, 2011, to \$124,045 at December 31, 2012.

MADISON COUNTY

MADISON COUNTY AND SUPPLEMENTAL COMPLIANCE REPORT Year 2013, Reports B44675 and B44676

BANK ACCOUNT RECONCILIATIONS - INMATE TRUST

Monthly depository reconciliations of the fund balances to the bank account balances for the Inmate Trust fund were not presented for audit. Evidence provided indicated the reconciliation process may have been performed each month for the balances within the software system, but the actual reconciliations and lists of reconciling items were not retained for audit. The auditor attempted to recreate a bank reconciliation for December 31, 2013, with the information available. The reconciliation performed by the auditor included an unidentified amount of \$6,862 which indicated the bank balance was higher than the record balance. An outstanding checklist for December 31, 2013, was not provided which may have explained some or the entire unidentified amount. However, since documentation was not maintained, we were not able to determine if the bank and record balance reconciled.

BANK ACCOUNT RECONCILIATIONS - COMMISSARY/TRUST

Monthly depository reconciliations of the fund balances to the bank account balances for the Community Justice Center Commissary/Trust accounts were not presented for audit. Evidence was provided that indicated the reconciliation process may have been performed each month for the balances within the software system, but the actual reconciliations and lists of reconciling items were not retained for audit. Since documentation was not maintained, we were not able to determine if the bank and record balance reconciled. Additionally, monies remaining in the "old" bank account, which are not within the software system, were not reconciled to the financial records or inmate account balances remaining in the "old" system.

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Community Justice Center (CJC) Commissary/Trust accounts. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

A similar comment also appeared in prior Report B42597.

The deficiencies include:

1. The manual Ledger of Receipts, Disbursements, and Balances was maintained for the "old" accounts until August 31, 2013. The ledger only included a few entries in July and August and did not appear to include all activity during the time period. CJC did not maintain a ledger for the "old" accounts after August 31, 2013. The bank statements indicated that checks were issued after August 2013 and did not appear in the ledger. Therefore, the manual ledger did not provide an accurate balance at December 31, 2013.
2. Bank statements for March 2013 and November 2013 were not presented for audit.
3. CJC was not keeping inmate account balances up to date on the "old" software system. Refund checks were issued, but not recorded to individual inmate accounts in the "old" software system.
4. CJC was not maintaining separate accounts for Commissary and Inmate Trust accounts. Therefore, we were not able to determine how much of the "old" bank account was Commissary or how much was Inmate Trust.
5. CJC was not able to provide a report showing the Inmate Trust balances remaining in the "old" system.

MONTGOMERY COUNTY

MONTGOMERY COUNTY
Year 2012, Report B43109

MONTGOMERY COUNTY AUDITOR

PENALTIES, INTEREST, AND OTHER CHARGES

The County paid penalties, interest, and other charges to JP Morgan Chase Bank in the amount of \$911.86 because the County did not remit their credit card payments on a timely basis.

OWEN COUNTY

OWEN COUNTY
Year 2013, Reports B43986 and B43987

OWEN COUNTY TREASURER

BANK ACCOUNT RECONCILIATIONS

The Treasurer's depository reconciliations of the fund balances to the bank account balances were not completed beyond April 30, 2013.

PERRY COUNTY

PERRY COUNTY

Year 2013, Reports B43876 and B43877

PERRY COUNTY HEALTH DEPARTMENT

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the County Health Department. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Some of the deficiencies include:

1. No Ledger presented for audit.
2. No receipts presented for audit for a period of over three months.
3. Report of Collections not presented to Auditor's Office timely.

POSEY COUNTY

POSEY COUNTY

Year 2012, Report B44104

POSEY COUNTY SHERIFF

CASH NECESSARY TO BALANCE, BANK ACCOUNT RECONCILIATIONS (Sheriff's Cash Book)

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation was not performed to the correct ledger balances. Though receipts and disbursements are totaled at the end of each month, there is no ending cash balance ever calculated and posted in the Sheriff's Cash Book.

A comparison of the records to the bank account indicated cash necessary to balance of \$10,691. This amount represents an accumulation of various reconciling items over a period of years that have not been corrected in the Cash Book of the Sheriff's Department. Deposits in transit cannot be determined for reconciliation because individual receipts cannot be traced to specific deposits and the composition of each deposit cannot be determined. In addition, a Cash Change fund has not been established in the Sheriff's Department and some cash is withheld from deposits in order to have cash available to make change. Due to the nature of deposits in transit at month end, and other unidentifiable errors, the cash necessary to balance at the end of each month has fluctuated throughout the year from a maximum cash long of \$1,543 to a maximum cash short of \$461,451.

PULASKI COUNTY

PULASKI COUNTY
Year 2013, Report B44461

PULASKI COUNTY AUDITOR

PENALTIES, INTEREST, AND OTHER CHARGES

On December 20, 2013, the County paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$1,748 for the second quarter of 2013 due to payments not being remitted on a timely basis.

ST. JOSEPH COUNTY

ST. JOSEPH COUNTY
Year 2013, Reports B44172 and B44173

CLERK OF THE CIRCUIT COURT

MODIFICATION OF FINANCIAL STATEMENT OPINION

We were unable to audit the trust balance of the Office of the Clerk of the Circuit Court (Clerk) at December 31, 2013, because detailed information from the Clerk's Trust Register was not available. This amount is \$3,782,474 of the total cash and investment balance of \$7,576,271 in the Clerk Trust Main Office fund at December 31, 2013. We were unable to apply alternative procedures to satisfy ourselves of the accuracy of this balance.

PORTAGE MANOR COUNTY HOME

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the 2013 monthly reconciliations did not balance. Monthly reconciliation summaries presented for audit included variances during 2013 from \$5,343 in excess of the bank balance to \$1,298 cash necessary to balance. The December 31, 2013 reconciliation summary included \$1,298 cash necessary to balance. The first four reconciliations of 2014 included variances from \$1,370 to \$1,020 cash necessary to balance. A similar comment was included in the prior Report B42550.

SWITZERLAND COUNTY

SWITZERLAND COUNTY
Year 2012, Report B43144

SWITZERLAND COUNTY AUDITOR

CLAIMS

A test of claims identified a deficiency with an error rate greater than 10 percent. Of the claims tested, 40 percent did not have evidence to support receipt of goods or services. This error resulted in \$69,671.87 of expenditures which did not have evidence to support receipt of goods or services.

VIGO COUNTY

VIGO COUNTY

Year 2012, Report B44290

VIGO COUNTY TREASURER

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance. A comparison of the Treasurer's Daily Balance of Cash and Depositories (ledger) balance at December 31, 2012, to reconciled bank account balances indicated that the ledger balance was \$18,688.16 more than reconciled bank balances. The variance resulted from the net effect of various posting errors and it was determined that the ledger balance was overstated.

An examination of the Treasurer's Cash Book entries made during the term of office indicated amounts posted to the Cash Book for interest were less than the amounts credited by the bank. The differences occurred in 16 months from July 2006 through June 2008. The effect of posting less interest than received understated the Treasurer's Cash Book. If the interest was properly posted for the amount received, the effect to the Treasurer's Cash Book would be an increase of \$7,417.65 and a corresponding increase in the cash necessary to balance of the same amount.

Minutes of the May 20, 2014 County Commissioners meeting and County Council meeting indicate both governing bodies approved Joint Resolution 1-2014. The resolution approved an adjustment of \$18,688.16 to reconcile the bank balances to the Treasurer's Daily Balance of Cash and Depositories and indicated David R. Crocket, former Treasurer, shall pay the County \$7,417.65 for the interest received that was not posted. As of the date of this report, the adjustment has not been made and a payment to the County has not been received.

WABASH COUNTY

WABASH COUNTY

January 1, 2011 to September 13, 2013, Report B43500

CLERK OF THE CIRCUIT COURT

CONDITION OF RECORDS

There were a number of recordkeeping irregularities performed by Sara Chamberlain, former Deputy Clerk, which resulted in a cash shortage in the Clerk's Office. Irregularities consisted of the following:

1. Undeposited Cash Receipts – Receipts issued that indicated cash was received that was not deposited.
2. Checks for Cash Substitution – Checks were deposited but not receipted into the records. Instead they were used to replace cash receipts that were not deposited.

3. Voids – Receipts were issued and later voided. The corresponding collections were not deposited. In some instances, receipts were issued and later voided; however, the corresponding collections by check were used to replace other cash receipts that were not deposited. Some voids of cash receipts were re-entered with a different form of payment.
4. Adjustments – Occasionally a negative receipt was created, as an adjustment, and used to compensate for cash receipts not deposited in the ledger.
5. Undeposited Garnishment Receipts – Receipts for garnishment payments which were not deposited.

ALTERED DEPOSIT SLIPS

Several deposit slips were altered from their original form. Sometimes these deposit slips were changed during the daily reconciliation process at the Clerk's Office.

Examples of these altered deposit slips are as follows:

1. On July 27, 2011, the Clerk's Cashbook of Receipts indicated \$874 cash was received. The duplicate deposit slip retained by the Clerk's Office indicated \$774 cash was received. The currency amount on the duplicate deposit slip was originally \$874, but had been altered to show the lesser amount. The deposit slip obtained from the bank indicated \$774 cash was deposited. A similar scenario occurred on numerous occasions.
2. On February 20, 2012, the Clerk's Cashbook of Receipts indicated \$1,659.30 cash was received. The duplicate deposit slip retained by the Clerk's Office indicated \$1,604.30 cash was received. The deposit slip obtained from the bank indicated \$1,604.30 cash was deposited. The currency (cash) was written over on the duplicate deposit slip. A similar scenario occurred on numerous occasions.
3. On November 15, 2012, the Clerk's Cashbook of Receipts indicated \$1,504 cash was received. The duplicate deposit slip retained by the Clerk's Office indicated \$1,504 cash was received. The deposit slip obtained from the bank indicated \$1,352 cash was deposited. The deposit slip obtained from the bank was entirely rewritten from its original form. A similar scenario occurred on numerous occasions.
4. On July 15, 2013, the Clerk's Cashbook of Receipts indicated \$990.42 cash was received. The duplicate deposit slip retained by the Clerk's Office indicated \$836.42 cash was received. The deposit slip obtained from the bank indicated \$639.81 cash was deposited. The currency (cash) was written over on the deposit slip obtained from the bank. A check was added to the deposit but was not on the deposit slip duplicate. A similar scenario occurred on numerous occasions.
5. On July 29, 2013, the Clerk's Cashbook of Receipts indicated \$3,046 cash was received. The duplicate deposit slip retained by the Clerk's Office indicated \$2,250.01 cash was received. The deposit slip obtained from the bank indicated \$1,939.95 cash was deposited. The currency (cash) was whited out on the deposit slip obtained from the bank. A check was added to the deposit, but was not on the deposit slip duplicate. A similar scenario occurred on numerous occasions.

CITIES AND TOWNS

ADAMS COUNTY

CITY OF DECATUR Year 2012, Report B44722

CONDITION OF RECORDS

Financial records presented by the Utility Department for the full accrual examination were incomplete and not reflective of the activity of the Water, Wastewater, and Storm Water Utilities. The records presented disclosed that numerous accounts were not analyzed and, therefore, did not reflect accurate amounts. As a result, the accuracy or correctness of the transactions could not reasonably be determined. Therefore, no other official reports were prepared for the City of Decatur Municipal Utilities for 2012.

Some of the deficiencies include:

1. The prior examination adjustments for 2011 were never posted.
2. The 2012 financial statements and trial balances were incomplete as of October 2014.
3. Numerous accounts were not analyzed by the utility accounting personnel and, therefore, did not reflect accurate amounts.
4. No year-end inventory was performed or prepared; therefore, there was no amount to compare with the ledger amount.

CITY OF DECATUR Year 2013, Report B44723

CONDITION OF RECORDS

Financial records presented by the Utility Department for the full accrual examination were incomplete and not reflective of the activity of the Water, Wastewater, and Storm Water Utilities. The records presented disclosed that numerous accounts were not analyzed and, therefore, did not reflect accurate amounts. As a result, the accuracy or correctness of the transactions could not reasonably be determined. Therefore, no other official reports were prepared for the City of Decatur Municipal Utilities for 2013.

Some of the deficiencies include:

5. The prior examination adjustments from 2011 were never posted.
6. The 2013 financial statements and trial balances were incomplete as of October 2014.
7. Numerous accounts were not analyzed by the utility accounting personnel and, therefore, did not reflect accurate amounts.
8. No year-end inventory was performed or prepared; therefore, there was no amount to compare with the ledger amount.

DEKALB COUNTY

CITY OF GARRETT Year 2012, Report B43185

PENALTIES AND INTEREST

The City paid penalties and interest to the Internal Revenue Service in the amount of \$550.90 for untimely payment of withholding taxes. Also, penalties and interest of \$2,339.68 was paid to the Indiana Department of Revenue for untimely payment of Indiana Utility Receipts Tax.

DELAWARE COUNTY

TOWN OF GASTON Years 2011-2012, Report B43267

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$24 due to 2010 withholding amounts being underpaid. The Town also paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$524 due to the Town underpaying payroll taxes due for the year 2011 and not remitting payments on a timely basis for the third quarter in 2012.

FLOYD COUNTY

CITY OF NEW ALBANY Year 2013, Reports B44400 and B44401

COLLECTION OF AMOUNTS DUE

The amount of \$818 was due to the City as of December 31, 2013, as a result of the City failing to properly withhold pension assessments and life insurance premiums on a City employee.

FRANKLIN COUNTY

TOWN OF LAUREL Years 2011-2012, Report B44187

PENALTIES AND INTEREST PAID

The Town paid penalties and interest totaling \$1,040 to the Internal Revenue Service and to the Indiana Department of Revenue during the years 2011, 2012, and 2013 because the Town did not remit payroll taxes on a timely basis.

TOWN OF LAUREL
Year 2010, Report B44188

SUPPORTING DOCUMENTATION - DEBIT CARDS

A total of \$4,147 of debit card purchases are made by the Town Marshal during the year 2010. However, no supporting documentation, such as invoices and paid receipts, were presented for examination. The Deputy Clerk-Treasurer stated the purchases were for the following purposes based on her familiarity of the vendors and the date of purchases:

Description	Amount	Notes
Lodging, gas, food for trip	\$ 698	(1)
Lodging, gas, food for trip	1,407	(2)
Supplies and services for K-9	1,543	
Local gas purchases	499	
	\$ 4,147	

Notes to Schedule:

- (1) Trip to Texas to pick up a K-9 for Marshal's Office.
- (2) Training class in Ohio.

Accounts Payable Vouchers (Form 39) showing a certification by the Town Marshall that materials and services ordered were received was also not presented for examination. However, the Accounts Payable Voucher Register (Form 364) showed that the above payments were approved by the Clerk-Treasurer and the Town Council.

PENALTIES AND INTEREST PAID

The Town paid penalties and interest to the Indiana Department of Revenue in the amount of \$920 because the Town did not remit utility receipt tax payments on a timely basis.

GRANT COUNTY

CITY OF JONESBORO
Years 2012-2013, Report B44738

PENALTIES, INTEREST, AND OTHER CHARGES

The City paid penalties and interest to the Indiana Department of Revenue in the amount of \$211 because the City did not remit utility receipts tax payments on a timely basis. The City also incurred penalties of \$496 for early withdrawal of a Wastewater certificate of deposit in November 2013.

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not performed on a timely basis and were not approved by the governing board. The December 31, 2013 reconciliation disclosed an unidentified difference of \$3,000 on the Wastewater Utility accounts and an outstanding check listed for \$2,000 that could not be verified. In addition, there were large amounts due to and due from each of the three main bank accounts and/or funds on the financial statement as follows: due to City \$52,989, due from Water \$61,288, and due to Wastewater \$8,299.

CITY OF MARION**Year 2013, Reports B43988 and B43989****PENALTIES, INTEREST, AND OTHER CHARGES**

The City paid penalties and interest in the amount of \$997 due to payments for the three City credit cards not being remitted on a timely basis. A similar comment appeared in prior Report B42678.

GREENE COUNTY**CITY OF LINTON****Year 2013, Reports. B44101 and B44102****PENALTIES, INTEREST, AND OTHER CHARGES**

The City paid late fees to PNC Equipment Finance in the amount of \$1,079.04 because the City did not remit several lease payments on a timely basis.

HAMILTON COUNTY**TOWN OF FISHERS****Year 2013, Report B44151****TOWN COURT****CONDITION OF RECORDS**

Financial records presented for audit were incomplete and not reflective of the activity of the Town Court. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

We noted the use of an account entitled "Bank Account Discrepancy Fund" on the ledger which has a balance at December 31, 2013, of (\$512.12). The effect of this account is to reduce the total court funds balance; however, the source of this account balance is not identified. In addition, the bank reconciliation at December 31, 2013, shows the adjusted bank balance to be long \$132.23 to the total courts fund balance. The net effect of the negative account balance and the amount determined by the bank reconciliation, makes the total amount of the unidentified variance is (\$379.90).

JENNINGS COUNTY**JENNINGS NORTHWEST REGIONAL UTILITIES****Years 2010 -2011, Report B44184****CASH NECESSARY TO BALANCE - CLEARING ACCOUNT**

The Utilities established a Clearing fund in its financial records and a Clearing fund bank account. The purpose of the Clearing fund and the Clearing fund bank account is to account for the receipt and deposit of collections received from customers. Collections are to be held in the Clearing fund bank account until subsequently transferred to the Water Utility Operating fund and the Sewage Utility Operating fund. The record cash balance recorded in the Clearing fund should reconcile with the cash

balance in the Clearing fund bank account. However, a review of the Clearing fund's financial activity showed the following:

1. Customer collections deposited to the Clearing fund bank account were not being posted to the Clearing fund and transfers from the Clearing fund bank account were not being posted to the Clearing fund.
2. The primary activity being posted to the Clearing fund were credit card fees for customers paying with a credit card.

The Financial Controller did not present completed reconciliations of the Clearing fund's record cash balance to the bank account balance for all months for the years 2010 and 2011. Our reconciliation of the Clearing fund's record cash balance to bank balance at December 31, 2011, based on records presented for audit, showed a "cash necessary to balance" in amount of \$5,930.

JENNINGS NORTHWEST REGIONAL UTILITIES
Year 2012, Report B44414

NO FINANCIAL STATEMENT OR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Jennings Northwest Regional Utilities (Regional Utilities) did not present a financial statement or a Schedule of Expenditures of Federal Awards (SEFA) for audit. Information presented for examination showed the Regional Utilities expended federal awards as follows:

Federal Grantor Agency: U.S. Environmental Protection Agency
 Pass-Through Entity: Indiana Finance Authority
 Program Title: Capitalization Grants for Clean Water State Revolving Funds
 CFDA Number: 66.458 ARRA
 Identifying No.: WW06324044
 Total Federal Award Expended: \$599,104

Because no financial statement and SEFA were prepared, we were unable to conduct an audit of the financial statement and the SEFA as required by OMB Circular A-133. Without an audit being conducted, a Data Collection Form and a Reporting Package cannot be submitted to the Federal Clearinghouse and a Reporting Package cannot be submitted to the pass-through entity as required by OMB Circular A-133.

CASH NECESSARY TO BALANCE - CLEARING FUND

The Regional Utilities established a Clearing fund in its financial records and a Clearing fund bank account. The purpose of the Clearing fund and the Clearing fund bank account is to account for the receipt and deposit of collections received from customers. Collections are to be held in the Clearing fund bank account until subsequently transferred to the Water Utility Operating fund and the Sewage Utility Operating fund. The record cash balance recorded in the Clearing fund should reconcile with the cash balance in the Clearing fund bank account. However, the Clearing fund's financial activity showed the following:

1. Customer collections deposited to the Clearing fund bank account were not being posted to the Clearing fund and transfers from the Clearing fund bank account were not being posted to the Clearing fund.
2. The primary activity being posted to the Clearing fund were credit card fees for customers paying with a credit card.

Dan B. Wooton, Sr., Utilities Manager and Financial Controller, did not present reconciliations of the Clearing fund's record cash balance to the bank account balance during the year 2012. Our reconciliation of the Clearing fund's record cash balance to bank balance at December 31, 2012, based on records presented, showed a "cash necessary to balance" in amount of \$9,727.66.

CASH NECESSARY TO BALANCE - WATER UTILITY AND SEWER UTILITY OPERATING FUNDS

The bank reconciliations presented for the Water Utility and the Sewage Utility Operating funds showed the respective record balance of cash and the respective bank balances to be reconciled. However, the bank reconciliations contained unsubstantiated amounts of deposits-in-transit.

Using the substantiated deposit-in-transit amounts, the net "cash necessary to balance" for the two accounts was \$729.04.

JOHNSON COUNTY

TOWN OF BARGERSVILLE
Years 2012-2013, Reports B44473 and B44474

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid \$1,329.05 in interest in January 2013 to Indiana Department of Revenue because the Town did not remit a Sales Tax payment in a timely basis. This was paid half from Water Operating and half Electric Operating.

KNOX COUNTY

CITY OF VINCENNES
Year 2013, Reports B44398 and B44399

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties of \$97 and interest of \$149 were paid to the German American Bank and Wal-Mart, respectively, for not remitting credit card payments on a timely basis.

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the Animal Control Department. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. Collections totaling \$17,441 were remitted to the City for deposit into the General fund during the audit period.

LAKE COUNTY

CITY OF GARY

Year 2013, Reports B44235 and B44236

CONDITION OF RECORDS (Clerk)

A complete and accurate Cash Bond Register and Trust Register that reflects the Cash Book balances of \$821,642.42 and \$103,845.52, respectively, was not available for audit.

The Clerk's Office personnel have been researching the manually maintained records to find the recording errors from prior years in both the Cash Bond Register and the Trust Register from the Criminal Division. Transactions since April 30, 2005, have been recorded using a computer system. They have been researching the old dockets from 1985 to 2005 to determine an accurate detail of the amount on hand as of April 30, 2005, for both Cash Bonds and Trust items. As the officials have been researching the old dockets, they have recorded in the computer system the detail amounts from prior to April 30, 2005, that are still held in Cash Bonds or Trust. While the Clerk's Office is researching open balances, there is a substantial amount of open cash bond deposits that have been held since 1990 still on hand as of December 31, 2013. Indiana Code requires the court to forfeit bonds when a defendant fails to appear in court and transfer the amount to the State Common School fund.

MARION COUNTY

TOWN OF SPEEDWAY

Year 2012, Report B43202

OPINION MODIFICATION

The Town did not account for certain funds adequately within their accounting records in order for us to express an opinion on those funds. Due to the condition of records of the Payroll Fund, we were unable to verify the accuracy of the financial activity presented for that fund.

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid late fees and finance charges to their credit card vendor PNC bank in the amount of \$132.53. These fees and charges were assessed on the November 14, 2012 credit card statements.

The Town submitted their 2011 Annual Withholding Reconciliation form (WH3) to the Indiana Department of Revenue late. The form is due on or before the last day in February. The form was submitted on March 27th. The Indiana Department of Revenue charged a penalty in the amount of \$290.

TOWN OF SPEEDWAY AND SUPPLEMENTAL COMPLIANCE REPORT

Year 2013, Reports B44680 and B44681

BANK ACCOUNT RECONCILIATIONS

The Town's depository reconciliations of the fund balances to the bank account balances were conducted; however, the bank reconciliations were not performed timely. The December 31, 2013 reconciliations were completed in April 2014, contained numerous errors, and exceeded the fund balances by \$321,953. Errors noted were incorrect outstanding check lists and transfers between bank accounts not being included on both affected individual bank account reconciliations.

The Redevelopment Commission's depository reconciliations of the fund balances to the bank account balances were conducted; however, not all bank reconciliations were performed timely. Monthly bank reconciliations for January-June 2013 were prepared in August 2013, July-September 2013 were prepared in November 2013, and November 2013 was prepared in January 2014.

PENALTIES AND INTEREST

The Town paid penalties and interest to the Indiana Department of Revenue in the amount of \$4,670. They did not remit sales tax payments for January, February, or March on a timely basis.

CITY OF BEECH GROVE Year 2013, Report B44565

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained errors. The City maintains several bank accounts and performs bank reconciliations monthly. The City completed the December 31, 2013 bank reconciliations for the City Corporation Bank Account and the City Utilities Bank Account. Several adjustments were included in the reconciliations that could not be verified. Explanation and/or documentation for the adjustments were provided; however, the adjustments did not reflect ledger or bank activity. Without these adjustments the funds did not balance to the bank. Because the adjustments could not be verified, they were not included on the auditor's bank reconciliation and, as a result, the funds did not reconcile to the bank for these accounts. The verified Corporation Bank Account reconciliation reflected \$55,378 less than the fund ledger and the City Utilities Bank Account reconciliation reflected \$13,547 less than the fund ledger. In total, the bank account reconciliations did not balance in the amount of \$68,925 less than what was reported on the financial statement. Adjustments, if necessary, for any unidentified errors were not made to the financial statement. Cash and investment balances may be overstated.

NEWTON COUNTY

TOWN OF KENTLAND Years 2011-2012, Report B43221

CONDITION OF RECORDS

Financial records presented for audit did not accurately present the receipts and disbursement for each fund. The records presented included numerous adjusting and correcting entries which possibly had the effect of inflating or misstating the receipts and disbursements.

Some of the deficiencies include:

1. Posting errors.
2. Transactions recorded as "negative" receipts and disbursements.
3. Financial statement receipts and disbursement reported in Gateway did not agree with the receipts and disbursement totals in the Town's ledger.
4. General Ledger Report (which functions as a detailed Ledger of Receipts, Disbursements and Balances), in most instances, had beginning balances, receipts and disbursement totals that did not agree with the Financial Report by Fund (which functions as a financial statement by fund).

5. Neither the General Ledger Report nor the Financial Report receipts and disbursements reconciled with the bank transactions.
6. Payroll transactions were not accurately included in the General Ledger Report or the Financial Report by Fund. The amounts reported on W-2s and 941s, as gross payroll, were significantly more than the amounts reported in the financial statements as payroll fund transactions.
7. In some instances operating funds and grant fund transaction accounting were comingled.
8. Some funds, which had separate bank accounts, included transactions from other bank accounts.
9. The Town maintains no capital asset records.
10. Grant accounting was not maintained by each project award.

PENALTIES, INTEREST, AND OTHER CHARGES

The Clerk-Treasurer determined during 2011 that sales tax had been collected by the Aviation Department on aviation fuel sales, but had not been remitted to the Indiana Department of Revenue. Once the issue was discovered, the Indiana Department of Revenue was contacted and payments were brought current. Since February 2012, all payments have been timely and no additional penalties or interest has been incurred.

For the late payments in 2011, the Town paid penalties and interest to the Indiana Department of Revenue in the amount of \$224.83.

OHIO COUNTY

RISING SUN - OHIO COUNTY PORT AUTHORITY Years 2011-2012, Report B43458

CONDITION OF RECORDS

Financial records presented for examination were incomplete. The Port Authority did not record the cash balances and financial activity of their savings account on their financial ledger for the year 2012. The savings account balance at December 31, 2012, was \$222,769. The savings account was reported on the Port Authority's financial statement.

ORANGE COUNTY

TOWN OF ORLEANS Year 2013, Reports B44734 and B44735

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties, interest, and other charges to the Indiana Department of Revenue as follows because the Town did not remit the payment on a timely basis: April 2012 utility receipts tax in the amount of \$139; September 2012 utility receipts tax in the amount of \$41; and May 2013 sales tax in the amount of \$262.

PARKE COUNTY

TOWN OF MECCA

Years 2011-2012, Report B43151

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not performed by the Town for the examination period. A similar comment was included in prior Report B39767.

PENALTIES, INTEREST, AND OTHER CHARGES

The Town had numerous notices from the Indiana Department of Revenue and outstanding tax warrants from the Parke County Sheriff's Department for unpaid state and county withholding taxes for the 2011 and 2012 tax periods. Penalties and interest have not been paid by the Town as of the date of this report.

TOWN OF ROSEDALE

Years 2010-2012, Report B43152

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance. Many reconciling items were listed on each month's bank reconciliation. The Clerk-Treasurer did not make the necessary adjustments for the reconciling items in a timely manner. As of December 31, 2012, the total of all four bank account reconciliations identified cash short in the amount of \$958.34. Individually, the Town bank account was short \$851.53, the Payroll bank account was long \$631.86, the Water Utility bank account was short \$310.90, and the Wastewater Utility bank account was short \$427.77.

ANNUAL REPORTS

The Annual Reports for the years 2010, 2011, and 2012 contained a number of errors and did not properly reflect the financial activity of the Town of Rosedale. Several funds' financial statement receipts and disbursements for 2011 did not agree with the Town's records. The 2011 records were not properly closed out resulting in January 2012 activity shown on the 2011 Annual Report.

PORTER COUNTY

TOWN OF BEVERLY SHORES

Years 2012-2013, Report B44548

CONDITION OF RECORDS - DISCLAIMER OF OPINION

The Clerk-Treasurer did not properly maintain accounting records related to the financial activity of the Town funds. The following describes the condition of the Town's recordkeeping that resulted in the inability to obtain sufficient competent evidential matter to render an opinion on the financial statements:

Computerized Recordkeeping

The Clerk-Treasurer uses a commonly used computerized accounting software program to maintain the financial records of the Town. The Clerk-Treasurer was unable to adequately give us an understanding of the Town's system of recordkeeping and flow of transactions.

Monthly and Year-End Closing of Financial Records

The Clerk-Treasurer failed to perform the necessary monthly "update and closing" of the Towns records from October 2013 through August 2014. Therefore, the Clerk-Treasurer was unable to generate the following reports: Fund Reports, Appropriation Detail History, and Revenue Detail History.

In order to perform our examination of the Town's financial records, we instructed the Clerk-Treasurer to update and close the records for the year 2013.

The Clerk-Treasurer's failure to update and close the financial records each month, resulted in the Town Council being unable to provide proper oversight of the financial activities of the Town funds allowing for errors and irregularities to go undetected.

Financial Statements

2012 Financial Statement

The financial statement presented for examination was incomplete and inaccurate when compared to the Town's records.

2013 Financial Statement

The fund balances reported on the financial statement exceeded the fund balances recorded on the ledger by \$474,617. Due to the poor condition of the financial records, we were unable to specifically identify the differences.

Bank Account Reconcilements

Depository reconcilements of the fund balances to the bank account balances were not completed by the Clerk-Treasurer for the period July 2013 through August 2014. The bank reconcilements presented for examination from December 2012 through June 2013 were found to be incomplete, and/or inaccurate.

The reconcilement performed for November 30, 2012, included a deficit of \$22,068.08, which was carried from the reconcilement of December 31, 2011, by the former Clerk-Treasurer. The \$22,068.08 deficit left by the former Clerk-Treasurer was due to the December 2011 payroll expenditures that were never recorded to the ledgers.

Receipts

We were unable to verify that all transactions related to receipts/revenue and corresponding deposits were properly recorded in the Town's ledgers.

Disbursements

The Clerk-Treasurer is responsible for issuing payments by check to all vendors upon presentation of a properly completed claim supported by a detailed invoice. The checks are generated from the computer software system after the information is inputted by the Clerk-Treasurer. We were unable to obtain a substantive explanation as to why the following errors would occur in the software system.

1. Payments were recorded in the ledger using the same check number multiple times, on different dates, with different vendors and different amounts. It is unclear as to how the same check number could be recorded more than once in the financial records.

2. We found checks that were generated from the software system and subsequently cleared the bank, but were not recorded in the financial records.
3. Checks were voided in the financial records, but were found to have cleared the bank.

RIPLEY COUNTY

TOWN OF SUNMAN

Years 2011-2012, Report B43296

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$134.84 because the Town did not remit some payments on a timely basis.

The Town paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$74.65 because the Town did not remit some payments on a timely basis.

ST. JOSEPH COUNTY

TOWN OF ROSELAND

Year 2010, Report B43219

CONDITION OF RECORDS

Bank reconciliements to the records for the Town of Roseland (Town) were not performed during the examination period. At December 31, 2012, the adjusted bank balance for the Town was \$242,089. The fund balances at December 31, 2012, could not be verified due to the condition of the records. The Town provided three separate fund balances.

The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

TIPPECANOE COUNTY

TOWN OF BATTLEGROUND

Years 2012-2013, Reports B43808 and B43809

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties and interest to the Internal Revenue Service in 2013 in the amount of \$1,763 because the Town did not remit payroll withholding payments on a timely basis.

VANDEBURGH COUNTY

CITY OF EVANSVILLE Year 2012, Report B43517

ANNUAL REPORT (City, Water Utility, and Wastewater Utility)

The Annual Report submitted through the Gateway system for 2012 contained material errors. Several adjustments to the beginning balances, receipts and disbursements were proposed during the audit and made by the City. A similar comment appeared in prior Report B41037.

CITY OF EVANSVILLE Year 2013, Reports B44196 and B44197

BANK ACCOUNT RECONCILIATIONS

City cash and investment fund balances, including Water and Wastewater funds, were not properly reconciled to bank balances. The difference between the reconciled bank balance reported by the City and the fund ledger balance was \$395,157 cash short at December 31, 2013.

As a result of incomplete and inaccurate reconciliations, improper accounting for cash and investments and incorrect postings to the records remained undiscovered.

ANNUAL FINANCIAL REPORT

The Annual Financial Report submitted through the Gateway system for 2013 contained material errors. Adjustments to the beginning balances, receipts and disbursements were proposed during the audit and approved by the City.

A similar comment appeared in the prior two reports.

WATER AND WASTEWATER UTILITIES CITY OF EVANSVILLE Year 2012, Report B43631

BANK ACCOUNT RECONCILIATIONS

Water and Wastewater funds were not properly reconciled to bank balances for the entire year of 2012.

VERMILLION COUNTY

TOWN OF UNIVERSAL Years 2011-2012, Report B43148

CONDITION OF RECORDS (Applies to Town and Water Utility)

Financial records presented for examination were incomplete and not reflective of the activity of all funds.

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Town and Water Utility)

The Town paid penalties and interest to the Internal Revenue Service in the amount of \$73.88 in 2011 and \$74.57 in 2012 because the Town did not remit payments on a timely basis.

The Town paid penalties and interest to the Indiana Department of Revenue in the amount of \$71.72 in 2011 because of late payment for sales tax payments.

TOWN OF NEWPORT***Years 2012-2013, Reports B44492 and B44493******PENALTIES, INTEREST, AND OTHER CHARGES***

The Town paid penalties and interest to the Indiana Department of Revenue in the amounts of \$94 and \$10, because the Town did not remit Sales Tax and Withholding Tax payments, respectively, on a timely basis.

The Town paid penalties and interest to the Internal Revenue Service in the amount of \$11 because the Town did not remit Payroll Taxes properly.

VIGO COUNTY***TOWN OF WEST TERRE HAUTE******Years 2011-2012, Report B43446******PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Water Utility)***

The Water Utility paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$871.89 because the Water Utility did not remit sales tax payments on a timely basis. In addition, records indicate that the Water Utility has been assessed penalties and interest in 2013 for late payments made on sales tax and payroll withholding taxes.

CONDITION OF RECORDS (Applies to Water Utility)

Financial records presented for examination were incomplete and not reflective of the activity of the Water Utility Funds.

ANNUAL REPORT (Applies to Town)

The Annual Report for 2011 and 2012 contained a number of errors and did not properly reflect the financial activity of the Town of West Terre Haute.

HOSPITALS, LIBRARIES, SPECIAL DISTRICTS**FRANKLIN COUNTY****FRANKLIN COUNTY PUBLIC LIBRARY DISTRICT - COMPLIANCE LETTER
Years 2010-2013, Report B44687****DISBURSEMENTS**

In December 2013, the Library purchased 20 gift baskets from the Franklin County FFA at a cost of \$460. The Library provided these gifts to employees from the Library Board. There does not appear to be a business purpose for this disbursement. We requested the Board reimburse the Library for the cost of the gift baskets.

HANCOCK COUNTY**HANCOCK COUNTY PUBLIC LIBRARY
Years 2011-2012, Report B43158****CONDITION OF RECORDS**

A review of the records indicated that receipts were not always issued. Additionally, receipts issued during the examination period were not presented. In the Library records there were transaction numbers assigned to each posting and those transaction numbers did not match the receipt numbers; therefore, we were unable to trace money that was collected to a subsequent deposit.

PUBLIC RECORDS RETENTION

Of the claims tested, 13 percent could not be located. The items that were not able to be found included the claim and the supporting documentation for those respective claims. The amounts of these claims were \$5,051.92.

JAY COUNTY**JAY COUNTY HOSPITAL
October 1, 2012 to September 30, 2013, Report B43299****BANK ACCOUNT RECONCILIATION**

Depository reconciliations of the Operating Cash balance to the bank account balance were prepared; however, the reconciliation presented at September 30, 2013, indicated an unidentified amount of \$8,381. The cash balance per the ledger was more than the reconciled bank balance.

JOHNSON COUNTY**WHITELAND FIRE PROTECTION DISTRICT
Years 2010-2012, Report B43149****BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the fund balances to the bank account balances were not conducted. The District performed a reconciliation of the bank balance to the check book balance, but the check book balance did not agree to what was reflected in the funds ledger.

MARTIN COUNTY

MARTIN COUNTY SOIL AND WATER CONSERVATION DISTRICT Years 2007-2012, Report B44463

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the General Fund.

Some of the deficiencies include:

1. Posting errors
2. Checks and receipts not recorded in the proper amounts

MIAMI COUNTY

MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY AND SUPPLEMENTAL COMPLIANCE REPORT, Years 2012-2013, Reports B44421 and B44422

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Authority's audited financial statement and then determining how those identified risks should be managed. The Authority has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements. The Authority is required to report all financial information in the Annual Financial Report. This information is used to compile the financial statement. During the audit of the financial statement, we noted that the Authority did not include all of its financial transactions. The Authority received temporary loans from Miami County of \$530,393 and \$1,548,380 in 2012 and 2013, respectively, while reimbursement requests from federal and state grantor agencies were pending. These temporary loans, and the subsequent payments to Miami County, were not included on the financial statement. We also noted the Authority received local grant matches from Miami County for the various Hangar 200 federal grants and the subsequent payments to vendors were under reported by \$398,972 in 2012 and over reported by \$147,370 in 2013. As a result, the receipts and disbursements in the Hangar 200 Project-Miami Co fund were under reported by \$929,365 and \$1,401,010 in 2012 and 2013, respectively. Audit adjustments to correct the under reporting were proposed, accepted by the Authority, and made to the financial statement presented in this audit report.

NOBLE COUNTY

LIGONIER PUBLIC LIBRARY - COMPLIANCE LETTER

Years 2010-2013, Report B44167

BANK RECONCILIATION

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance to the ledger balance. As of December 31, 2013, the ledger cash balance exceeded the reconciled bank balance by \$2,444.98.

OHIO COUNTY

RISING SUN - OHIO COUNTY PORT AUTHORITY

Years 2010-2012, Report B43458

CONDITION OF RECORDS

Financial records presented for examination were incomplete. The Port Authority did not record the cash balances and financial activity of their savings account on their financial ledger for the year 2012. The savings account balance at December 31, 2012, was \$222,769. The savings account was reported on the Port Authority's financial statement.

VANDERBURGH COUNTY

EVANSVILLE-VANDERBURGH LEVEE AUTHORITY DISTRICT

Years 2011-2012, Report B43797

ANNUAL REPORT

The Annual Reports for 2011 and 2012 contained a number of errors concerning the Payroll fund and did not properly reflect the financial activity of the Levee Authority. Receipts in the Payroll fund were understated by \$138,840.90 for 2011 and \$1,047,101.67 for 2012. The disbursements for the Payroll fund were understated by \$143,457.80 for 2011 and \$1,039,297.40 for 2012.

VIGO COUNTY

TERRE HAUTE INTERNATIONAL AIRPORT

Year 2012, Report B44055

PENALTIES, INTEREST, AND OTHER CHARGES

The Airport Authority paid penalties, interest, and other charges to various vendors including First Bankcard, Pitney Bowes, Frontier, and Indiana American Water in the amount of \$478 because the Airport Authority did not remit payments on a timely basis.

SALES TAX PAID ON PURCHASES

Several disbursements tested during the examination revealed that sales tax in the amount of \$501 was paid on some purchases.

CONDITION OF RECORDS

Financial records presented for examination were not reflective of the activity of the Airport Authority funds. The records presented did not provide sufficient information to exam.

Some of the deficiencies include:

1. Posting errors.
2. Checks and receipts not recorded in the proper funds.
3. Software system changed during the year and not all reports were available for prior system.

ANNUAL REPORT

The Annual Report for 2012 contained a number of errors and did not properly reflect the financial activity of the Airport Authority. Adjustments to the records were not made which resulted in a qualified opinion.

**TERRE HAUTE INTERNATIONAL AIRPORT AUTHORITY
Year 2013, Reports B44198 and B44199****ANNUAL FINANCIAL REPORT**

The Annual Financial Report for 2013 contained material errors and did not properly reflect the financial activity of the Airport Authority.

TOWNSHIPS

ALLEN COUNTY

MADISON TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44193

CONDITION OF RECORDS

Financial records presented for review contained numerous posting and addition errors. The records presented did not provide sufficient information to establish beginning balances, receipts, disbursements, ending balances, or to verify the accuracy or correctness of the transactions.

BENTON COUNTY

HICKORY TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43942

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for 48 months during the review period. Monthly reconcilements were not performed.*

OAK GROVE TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43774

Unresolved Comment From Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not presented for examination for all 48 months during the examination period. Bank statements were provided for examination; however, there was no evidence of a bank reconciliation being performed.*

UNION TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43761

Current Period Comment

- *There was no evidence that monthly bank reconcilements were being completed.*

BROWN COUNTY

VAN BUREN TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B44065

Current Period Comment

- *In 2012 and 2013, Board member salaries were not in accordance with the budget due to grossing upwards for taxes. This resulted in an overpayment of \$34.90 in 2012 and \$49.50 in 2013 for each Board member. The Trustee was instructed to collect overpayments from the Board members.*

CRAWFORD COUNTY

WHISKEY RUN TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44009

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for 47 months during the review period.*

JOHNSON TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44504

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review.*

DEARBORN COUNTY

CLAY TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44059

Current Period Comment

- *The Township paid penalties, interest, and other charges to the U.S. Treasury in the amount of \$137.38 because the Township did not remit payments of payroll taxes on a timely basis during 2011 and 2013.*

HARRISON TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43829

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were only presented for review for two months (i.e. January and February 2010) during the review period.*

MILLER TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44064

Unresolved Comment From Prior Report

- *As reported in the prior Report B36170, depository reconciliations of the fund balances to the bank account balances were not presented for review for 48 months during the review period.*

YORK TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B44499**Current Period Comment**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for each month for 2010 to 2013.*

LAWRENCEBURG TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B44498**Current Period Comment**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for all months of 2010, 2011, and 2012.*

FA YETTE COUNTY**COLUMBIA TOWNSHIP - COMPLIANCE LETTER**
Years 2011-2013, Report B44269**Current Period Comment**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for 36 months during the review period. There was no evidence that bank reconcilements were performed.*

WATERLOO TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44259**Current Period Comment**

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$63.72 for 2010 because the Township did not remit payments on a timely basis.*

POSEY TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44245**Current Period Comment**

- *The Township is to reimburse all mileage at the approved State rate. The Trustee was reimbursed at the federal rate. The mileage rate reimbursements exceeded the state rate by \$110.50 for the period. Additionally, the odometer readings or other documentation to support the actual miles driven was not provided for review. The Trustee was requested to reimburse the Township \$110.50 in excess mileage allowance paid. The Trustee plans to withhold this from her August 2014 payroll in order to repay the Township.*

JENNINGS TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44318**Current Period Comments**

- *The Township is a Going Concern risk. The Township fund continued to pay salaries and FICA matching while increasing the amount of negative balance in the Township fund and despite not having sufficient budget appropriations to disburse from the Township fund. The Township had a total fund balance at the end of 2013 of \$660.24. By January 13, 2014, the total bank account balance fell to \$67.84.*
- *Depository reconciliations of the fund balances to the bank account balances were not performed for the period reviewed.*

Floyd County

FRANKLIN TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43850

Current Period Comment

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service due to not remitting payments on a timely basis. The payment was made on March 7, 2011, for the taxes payable in 2009; however, no supporting documentation was presented that detailed the amount of tax due versus penalties and interest accessed.*

Fountain County

LOGAN TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44007

Unresolved Comments From Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for all 48 months of the review period. Reconciliations were not presented because they were not performed. As of December 31, 2013, the bank account reconciliation identified a cash short in the amount of \$2,209.95.*
- *The Township paid penalties, interest, and other charges in 2012 to the United States Treasury because the Township did not remit payments on a timely basis.*

RICHLAND TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43554

Current Period Comment

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$9.86 because the Township did not remit payments and file 941 on a timely basis.*

FRANKLIN COUNTY

BLOOMING GROVE TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44310

Unresolved Comment From Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not presented for 2010, 2011, 2012, and 2013.*

SALT CREEK TOWNSHIP - COMPLIANCE LETTER**Years 2010-2013, Report B44433****Current Period Comment**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for 2010, 2011, 2012, or 2013.*

WHITEWATER TOWNSHIP - COMPLIANCE LETTER**Years 2010-2013, Report B44431****Unresolved Comment From Prior Report**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for 2010, 2011, 2012, and 2013.*

METAMORA TOWNSHIP - COMPLIANCE LETTER**Years 2010-2013, Report B44579****Current Period Comment**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for 2010, 2011, 2012, or 2013.*

POSEY TOWNSHIP - COMPLIANCE LETTER**Years 2010-2013, Report B44582****Unresolved Comment From Prior Report**

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$46.87 because the Township did not remit payments on a timely basis. We requested that the Trustee reimburse the Township for the penalties and interest incurred.*

RAY TOWNSHIP - COMPLIANCE LETTER**Years 2010-2013, Report B44581****Unresolved Comment From Prior Report**

- *Depository reconciliations of the fund balances to the bank account balances were not completed for 2010, 2011, 2012, and 2013. The ledgers contained many errors including many deposits which were recorded in the Total Funds columns but were not recorded in any specific fund, disbursements were not always recorded in the ledger, the ledger receipts and disbursements were not totaled by year, and the Levy Excess fund was omitted from the ledger.*

SPRINGFIELD TOWNSHIP - COMPLIANCE LETTER**Years 2010-2013, Report B44583**

Unresolved Comment From Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not completed for 48 months during the review period.*

HARRISON COUNTY**SPENCER TOWNSHIP****Years 2010-2012, Report B43262****PENALTIES, INTEREST, AND OTHER CHARGES**

The Township pays salaries to employees and officials once a year in December. Although the Township only pays salaries once a year, federal withholdings tax deposits were being made throughout the year. A review of the quarterly 941's during the examination period indicated that the Township properly reported the tax deposits made; however, because salaries are only paid in December of each year, there was no tax liability due during the 1st, 2nd, and 3rd quarters. The total of the tax deposits made during the quarters were reported as overpayments on these 941's. Since overpayments were reported, the Internal Revenue Service began issuing refunds to the Township for some of these tax deposits. The Township received refunds totaling \$1,483.21 and \$3,863.23 during 2010 and 2011, respectively. When the Township filed their 4th quarter 941's for 2010 and 2011, they calculated the balance due based on all the tax deposits made during the year and did not adjust for the amounts that had been refunded. As a result of the refunds received, the Internal Revenue Service showed the Township had unpaid liabilities for the periods ending December 31, 2010 and 2011.

During 2011, the Township was notified by the Internal Revenue Service of the amount owed for the liability period ending December 31, 2010. The Township failed to act upon the notice and on August 30, 2011, the Internal Revenue Service issued a Notice of Levy to the Townships Financial Institution for payment. The Township's Financial Institution issued payment in the amount of \$3,626.04 on September 19, 2011. The payment consisted of \$3,564.19 for unpaid taxes and \$61.85 for penalty and interest. Officials subsequently contacted the Internal Revenue Service to resolve the unpaid liability for the period ending December 2011. Information presented for examination indicated all outstanding tax liabilities relating to the examination period had been resolved as of January 2013.

HOWARD COUNTY**JACKSON TOWNSHIP - COMPLIANCE LETTER****Years 2011-2013, Report B43948****Unresolved Comment From Prior Report**

- *The Township paid penalties and interest totaling \$37.95 to the IRS for late filing and paying of payroll taxes for the 4th Quarter 2010.*

UNION TOWNSHIP - COMPLIANCE LETTER**Years 2011-2013, Report B43945****Unresolved Comment From Prior Reports**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for examination for any months during the examination period. There was no indication that any reconcilements were performed.*

Current Period Comment

- *The Township paid penalties, interest, and other charges to the IRS, Howard County Treasurer, and AT&T in the amount of \$237.63 because the Township did not remit payments on a timely basis.*

JACKSON COUNTY

CARR TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44311

Current Period Comment

- *The Township paid penalties, interest, and other charges to Indiana Department of Revenue and the United State Treasury in 2011 in the amount of \$501.28 because the Township did not remit payments on a timely basis.*

GRASSY FORK TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44380

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were not completed and presented for 2010, 2011, 2012, or 2013.*

JAY COUNTY

BEARCREEK TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44006

Current Period Comments

- *Depository reconciliations of the fund balances to the bank balances were not conducted.*
- *The Township paid penalties and interest for late remittances of payroll taxes to the Internal Revenue Service and the Indiana Department of Revenue in the amount of \$145.*

JACKSON TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43852

Current Period Comment

- *The Township paid penalties, interest, and other charges to Jay County and the IRS in the amount of \$427 because the Township did not remit payments on a timely basis.*

NOBLE TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43952

Current Period Comments

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for 24 months during the period. Depository reconciliations from 2011-2012 were not completed.*
- *The Township paid penalties, interest, and other charges to the IRS in the amount of \$142 because the Township did not remit payroll taxes on a timely basis.*

JEFFERSON COUNTY

GRAHAM TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B43848

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for all 48 months of the review period.*

JENNINGS COUNTY

MARION TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44509

Unresolved Comment From Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not presented for 2010, 2011, 2012, or 2013.*

SPENCER TOWNSHIP - COMPLIANCE LETTER

Years 2010-2013, Report B44703

BANK RECONCILEMENTS

Depository reconciliations of the fund balances to the bank account balances were not performed during 2010, 2011, 2012, or 2013. A similar comment appeared in prior Report B36955. A bank reconciliation was performed by the examiner and many errors were noted including deposits not posted for the correct amounts, interest not posted, and checks not posted or posted incorrectly. The bank reconciliations at December 31, 2010, 2011, 2012, and 2013 revealed a cash long in the amount of \$355.07 after the errors were corrected.

FEES AND PENALTIES

The Township paid late fees of \$47.42 to vendors due to bills not being paid timely.

JOHNSON COUNTY

NINEVEH TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B44506

Unresolved Comments From Prior Report

- *The Township paid penalties and interest during the review period relating to the late or incorrect filing of payroll tax information from prior review periods and the current review period, an item which was noted in previous Report B39633. The following payments were made from Township funds:*
 1. *\$140.39 was paid February 2, 2011, to the Internal Revenue Service for late or incorrect filings from the tax periods ending June 30, 2010, and September 30, 2010.*
 2. *A \$2,598.12 withdraw was made on August 1, 2011, from the Township's bank account to satisfy an Internal Revenue Service tax levy. This levy related to incorrect reporting from the 2006 Annual Employer Federal Tax Return and incorrect reporting related to the Employer's Quarterly Federal Tax Return for the quarter ended December 31, 2008. There were \$287.26 in penalties, interest, and additional charges assessed by the Internal Revenue Service associated with \$1,769 of this levy. The Internal Revenue Service also assessed an additional \$60.72 relating to the remaining \$829.12 of the levy.*
 3. *A \$1,412.97 withdraw was made from the Township's bank account on February 15, 2013, to satisfy an Indiana Department of Revenue tax levy. Based upon review of demand notices from the Indiana Department of Revenue and correspondences from a collection agency used by the Indiana Department of Revenue to collect this debt, the levy was for \$1,091.59 in tax balances due and \$321.38 in penalties, interest, and collection fees due. In addition a \$50 charge was made to the Township's bank account for processing this levy.*

KNOX COUNTY

BUSSERON TOWNSHIP - COMPLIANCE LETTER **Years 2011-2013, Report B44075**

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for 36 months during the review period. As of December 31, 2013, the bank account reconciliation identified a cash short in the amount of \$13,826.47.*

STEEN TOWNSHIP - COMPLIANCE LETTER **Years 2011-2013, Report B44074**

Current Period Comment

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$96.27 because the Township did not remit payments on a timely basis.*

WASHINGTON TOWNSHIP - COMPLIANCE LETTER **Years 2011-2013, Report B44261**

Unresolved Comments From Prior Report

- *Condition of Records*
 - *The following deficiency relating to the recordkeeping was noted. A similar comment appeared in the prior two Reports B36748 and B39336. There were a considerable number of posting errors. These errors mainly had to deal with the posting of the salary payments; where only the net pay would be posted initially, the gross amount would be recorded; however, the balances would not reflect the adjustment.*
- *Supporting Documentation*
 - *No payments were observed which contained adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. A similar comment appeared in the prior two Reports B36748 and B39336.*

WIDNER TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44255

Current Period Comments

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service and Indiana Department of Revenue in the amount of \$96.90 in 2011 because the Township did not remit payments on a timely basis.*

LAWRENCE COUNTY

PLEASANT RUN TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B44135

Current Period Comment

- *Compensation paid to employees was not in accordance with the approved budgeted amount for 2010. The Trustee was overpaid \$650 and reimbursed the Township on January 6, 2011.*

MADISON COUNTY

ANDERSON TOWNSHIP
Years 2011-2012, Report B43113

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties and interest for not reporting and paying federal and state taxes and withholdings on the required time schedules. This occurred in both years. The Township paid \$738.95 to the U.S. Department of the Treasury for federal penalties and interest, during the two year period. Additionally, during 2012, the Township made two payments totaling \$227.45 to the Indiana Department of Revenue (IDOR) for penalties of \$220 and interest of \$7.45 for late payment of employee withholdings.

A Notice of Levy was issued by the Internal Revenue Service (IRS) on July 30, 2012, which placed a hold on the Township's bank account. The IRS required payment for the taxes, penalty, and interest due from December 31, 2011 Form 941 in the amount of \$4,125.38 which was the calculated amount due on August 22, 2012. The Township paid \$2,736.27 on August 3, 2012, to satisfy the Notice of Levy. No other information was provided concerning this matter.

MARION COUNTY

WAYNE TOWNSHIP

Years 2011-2013, Report B44536

PENALTIES, INTEREST, AND OTHER CHARGES

The Township received a "Notice of Intent to Levy" from the IRS dated October 12, 2012. The notice was for under payment of payroll taxes during the quarterly periods ending June 30, 2011, September 30, 2011, December 31, 2011, and March 31, 2012. On April 2, 2013, the Township's bank account was garnished by the Internal Revenue Service for a total on \$16,378.51. Based on the "Notice of Intent to Levy," \$15,740.96 was for the assessed balance of taxes due and \$637.55 was for the interest and penalties.

MARTIN COUNTY

PERRY TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B44058

Unresolved Comments From Prior Report

- *In 2013, withholding taxes were not paid timely to the Internal Revenue Service (IRS). The payments for the first and second quarters were disbursed in September. This resulted in penalties and interest being charged by the IRS in the amount of \$157.28, which was paid from Township funds.*

RUTHERFORD TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B43767

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were not presented for examination for 26 out of 36 months during the examination period. Depository reconciliations of the fund balances to the bank account balances were conducted on 10 months; however, the conciliations did not balance. In addition, the April 2013 bank statement was not presented for examination.*

MITCHELTREE TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B44139

Unresolved Comment From Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for 36 months during the review period. Records presented for review indicate monthly reconcilments were not done. As of December 31, 2013, the bank account reconciliation identified a cash short in the amount of \$23,501.28.*

MIAMI COUNTY

ALLEN TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B43951

Current Period Comments

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$260.10 because the Township did not remit payments on a timely basis.*

ERIE TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B43887

Current Period Comments

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for the period.*

HARRISON TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B44068

Current Period Comments

- *Payroll taxes withheld were not properly remitted to the Internal Revenue Service. The Township paid penalties, interest, and other charges in the amount of \$183 because the Township did not remit payments on a timely basis.*

UNION TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B44063

Current Period Comment

- *Depository reconciliations of the fund balances to the bank balances were not conducted.*

MONROE COUNTY

POLK TOWNSHIP - COMPLIANCE LETTER

Years 2011-2013, Report B44253

Current Period Comments

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for the period.*

MORGAN COUNTY

ASHLAND TOWNSHIP,
Years January 1, 2010 to November 18, 2013, Report B43134

FINANCIAL AND APPROPRIATION RECORD NOT MAINTAINED

The Trustee did not maintain an accurate Financial and Appropriation Record (Form 1C) for 2012 or 2013.

NOBLE COUNTY

SPARTA TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B43979

Current Period Comment

- Depository reconciliations of the fund balances to the bank account balances were not presented for the review period.

OHIO COUNTY

PIKE TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B44078

Current Period Comment

- Depository reconciliations of the fund balances to the bank account balances were not presented for review for 48 months during the period.

PARKE COUNTY

FLORIDA TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B43687

Current Period Comment

- The Township paid penalties and interest to the Indiana Department of Revenue in the amount of \$8.06 because the Township did not remit January 2011 withholdings on a timely basis.

LIBERTY TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B43967

Unresolved Comments From Prior Report

- The Township paid penalties, interest, and other charges to the United States Treasury in the amount of \$188.52 because the Township did not remit payroll withholding payments on a timely basis.

RESERVE TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B43677

Current Period Comment

- *Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. One disbursement for taxes and forms had no documentation. Mileage reimbursements to the Trustee did not have adequate supporting documentation. It appears that the Trustee was paid the entire budgeted amount rather than basing payment on actual miles driven.*

UNION TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B43966

Current Period Comment

- *Depository reconciliations of the fund balances to the bank account balances were not presented for 33 months during the review period.*

PERRY COUNTY

CLARK TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B44239

Current Period Comments

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for any months during the review period. Based on the information obtained from the Trustee, there were no bank reconcilements completed.*

POSEY COUNTY

POINT TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B44508

Current Period Comments

- *Payroll taxes withheld were not properly remitted to the Internal Revenue Service. The Township paid penalties, interest, and other charges in the amount of \$112.53 because the Township did not remit payments on a timely basis.*

PULASKI COUNTY

TIPPECANOE TOWNSHIP
Years 2011-2013, Report B44729

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$200.09 because the Township did not remit payments on a timely basis.

INDIAN CREEK TOWNSHIP
Years 2011-2013, Report B44657

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties, interest, and other charges to the U.S. Treasury in the amount of \$186.54 in 2014 because payroll taxes withheld were not properly remitted to the Internal Revenue Service for 2012 payroll taxes.

BANK RECONCILIATIONS

The Trustee did not prepare depository reconciliations of the fund balances to the bank account balances for the last six months of 2013.

RIPLEY COUNTY

HARMONY TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B43961

Current Period Comments

- *In 2013, the Township paid penalties and interest to the Internal Revenue Service in the amount of \$101.34 because the Township filed the 2012 return on an annual basis, rather than quarterly as required.*

BROWN TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B44495

Current Period Comments

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for all the months during the review period.*

JOHNSON TOWNSHIP, Ripley County
Years 2010-2013, Report B44655

BANK RECONCILIATIONS

As reported in the prior report, bank reconciliations of the fund balances to the bank account balances that were presented for review did not reconcile. The bank reconciliation presented at December 31, 2013, showed unidentified cash long of \$5,916.06. We noted the following errors that contributed to the reconciling variance:

- There were three checks listed on the outstanding checklist at December 31, 2013, that had cleared the bank in prior months.
- Interest earned in the amount of \$2,724.44 had not been recorded on the financial ledger.

- Various tax distributions had not been recorded on the financial ledger.
- Various other receipts recorded on the financial ledger in the wrong amounts.
- A comparison of the financial ledger's December 31 ending year cash balances with the financial ledger's January 1 beginning cash balance for various individual funds for 2010, 2011, 2012, and 2013, showed variances from one year to the next as shown in the following schedule:

<u>Years</u>	<u>Fund</u>	<u>Prior Year December 31 Ending Balance</u>	<u>Current Year January 1 Beginning Balance</u>	<u>Difference</u>
2010	Township	\$ 188,106.23	\$ 126,930.91	\$ 61,175.32
2010	Township Assistance	30,126.91	34,435.95	(4,309.04)
2010	Firefighting	5,443.96	5,225.13	218.83
2010	Payroll Withholding	321.30	(1,124.55)	1,445.85
2011	Township	121,471.98	132,419.96	(10,947.98)
2011	Township Assistance	27,827.83	19,616.16	8,211.67
2011	Firefighting	6,670.62	1,407.08	5,263.54
2011	Rainy Day	2,505.17	-	2,505.17
2011	Levy Excess	144.27	-	144.27
2011	Payroll Withholding	(1,914.40)	-	(1,914.40)
2012	Township	127,987.81	113,890.57	14,097.24
2013	Township	108,263.00	141,838.25	(33,575.25)
2013	Township Assistance	28,095.56	29,176.12	(1,080.56)
2013	Firefighting	(1,859.79)	3,622.58	(5,482.37)
2013	Payroll Withholding	(4,011.50)	-	(4,011.50)

No documentation was presented for review to support the change in the cash balance amounts.

After taking into consideration the above errors, the bank reconciliation at December 31, 2013, showed a "cash necessary to balance" in the amount of \$261.04.

ANNUAL REPORT

The Annual Financial Report filed on Gateway for 2011, 2012, and 2013 contained a number of errors and did not properly reflect the financial activity of the Township:

RUSH COUNTY

JACKSON TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44319

Current Period Comments

- Penalty and interest totaling \$6.85 was paid on October 15, 2011, for not remitting the appropriate tax payments for 2010.

POSEY TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44320

Current Period Comments

- Payroll taxes withheld were not properly remitted to the IRS in 2011. The Township paid penalties, interest, and other charges to United States Treasury in the amount of \$82.83 on April 12, 2012, for the December 31, 2011 taxing period because the Township did not remit payments on a timely basis.

WASHINGTON TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44315

Unresolved Comments From Prior Reports

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for the 36 months of the review period.*
- *As of December 31, 2013, the bank account reconciliation identified a cash short in the amount of \$269.87.*

ORANGE TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44327

Current Period Comments

- *Bank reconcilements were not presented for review for 2011, 2012, or 2013.*

CENTER TOWNSHIP
Years 2011-2013, Report B44707

BANK RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for review. At December 31, 2011, and December 31, 2013 the bank balance agreed to the ledger balance due to there being no reconciling items. However, at December 31, 2012, there were outstanding checks and there was no reconciliation or outstanding check list provided.

SHELBY COUNTY

SUGAR CREEK TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44363

Current Period Comments

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$26.69 because the Township did not remit payments on a timely basis.*

BRANDYWINE TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44432

Unresolved Comments From Prior Report

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for all months during the review period. The Township did not have a list of outstanding checks and we could only determine outstanding checks from the current review period, therefore, we could not verify that the funds balanced to the bank. At December 31, 2011, December 31, 2012, and December 31, 2013, the bank reconciliation indicated a cash short of \$409.74.*

JACKSON TOWNSHIP
Years 2011-2013, Report B44700

BANK RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for review for 2011, 2012, or 2013.

POSTING ERRORS

There were a considerable number of posting errors. These errors included deposits not receipted and checks and receipts not recorded in the proper amounts. Additionally, errors identified in the prior review had not been corrected.

ANNUAL REPORT

The Annual Financial Report filed on Gateway for 2011, 2012, and 2013 contained a number of errors and did not properly reflect the financial activity of the Township.

NOBLE TOWNSHIP
Years 2011-2013, Report B44701

BANK RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for any of the 36 months in the review period.

SWITZERLAND COUNTY

CRAIG TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B43684

Current Period Comments

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service (IRS) in the amount of \$671.08 because the Township did not remit payments on a timely basis for the tax period December 31, 1997, and March 31, 2006. The total tax, penalties, and interest was deducted by the IRS from the Township's depository account on November 18, 2010.*

TIPTON COUNTY

JEFFERSON TOWNSHIP - COMPLIANCE LETTER
Years 2011-2013, Report B44121

Current Period Comments

- *Payroll taxes were not properly remitted to the Internal Revenue Service and the Indiana Department of Revenue. Payroll taxes for 2011 were remitted in February 2013. Penalties and interest assessed by the Internal Revenue Service totaled \$958.23; however, payment has not yet been made.*

VANDEBURGH COUNTY

UNION TOWNSHIP - COMPLIANCE LETTER **Years 2010-2013, Report B43968**

Current Period Comments

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for the years of 2012 and 2013. As of December 31, 2013, a comparison of the record cash and investment balances to the bank balance identified cash long in the amount of \$2,885.17.*

CENTER TOWNSHIP, **Years 2011-2013, Report B44653**

PENALTIES, INTEREST, AND OTHER CHARGES

The Township remitted penalties and interest to the Internal Revenue Service in the amount of \$3,917.29. The penalties and interest were the result of the Township not remitting payments on a timely basis prior to October 12, 2012.

VIGO COUNTY

PRAIRIE CREEK TOWNSHIP - COMPLIANCE LETTER **Years 2010-2013, Report B44082**

Unresolved Comment From Prior Report

- *The Township paid penalties, interest, and other charges to the Internal Revenue Service in 2012 in the amount of \$20.48 because the Township did not remit payments on a timely basis.*

WARREN COUNTY

PIKE TOWNSHIP **Years 2012-2013, Report B43288**

RECEIPT ISSUANCE

The Township did not issue any Township receipts (Form 16).

SUPPORTING DOCUMENTATION

The Township disbursements did not include supporting documentation for 26 percent of disbursements tested. Some of those disbursements included: Boy Scout Troop #3344, Williamsport Senior Center, Mac Van, and West Lebanon Library. Due to the lack of supporting information, we could not verify the purpose of the disbursement. A similar comment was included in prior Report B42264.

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balance to the bank account balances were not prepared for 2012 and the first seven months of 2013. A similar comment was included in prior Report B42264.

WASHINGTON COUNTY**POLK TOWNSHIP - COMPLIANCE LETTER**
Years 2010-2013, Report B44070**Current Period Comments**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for all 48 months during the period.*

PIERCE TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B43778**Current Period Comments**

- *The Annual Financial Report filed contained a number of errors and did not properly reflect the financial activity of the Township.*

MADISON TOWNSHIP - COMPLIANCE LETTER
Years 2010-2013, Report B44125**Current Period Comments**

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for all of months in 2010 and 2011, and several of the months in 2012.*
- *No supporting documentation such as receipts, invoices, and other public records for the expenditures paid in 2010 was presented for review.*

SCHOOLS**ALLEN COUNTY****METROPOLITAN SCHOOL DISTRICT OF SOUTHWEST ALLEN COUNTY**
*July 1, 2011 to June 30, 2013, Report B43291***FUND SOURCES AND USES – PROMOTION EXPENSE ACCOUNT**

The School Corporation spent \$1, 191.09 from the promotion of school expenditures based on five sampled MasterCard claims from a total population of 25.

These items were spent on local food for in services and meetings. Expenditures for these types of items are only allowable from the Promotion Expense account in the General Fund that is based on the School Corporation's average daily membership. These expenditures could be considered personal expenses in future audits if they are not paid from the Promotional Expense account in the General Fund.

CLINTON COUNTY**COMMUNITY SCHOOLS OF FRANKFORT**
*July 1, 2011 to June 30, 2013, Report B43353***SUPPORTING DOCUMENTATION**

We noted several disbursements to the vendors Amazon and VISA that did not include proper supporting documentation to validate the purchase. Purchases totaling \$12,962.50 were noted as being paid without an adequately itemized invoice. Due to the lack of supporting information, we could not determine the validity of the disbursement.

FOUNTAIN COUNTY**ATTICA CONSOLIDATED SCHOOL CORPORATION**
*July 1, 2011 to June 30, 2013, Report B43268***ERRORS ON CLAIMS**

100 percent of the Visa claims paid during the audit period were missing supporting documentation. This error resulted in \$17,520.37 of expenditures which did not have adequate supporting documentation.

COLLECTION OF AMOUNTS DUE

The amount of \$14,393.51 was due to the School Corporation as of June 30, 2013. This is the net total of all the lunch account balances. There were 38 accounts with negative balances in excess of \$100. Four families had negative balances in excess of \$1,000; two additional families had negative balances in excess of \$800 and one school employee's family had a negative balance in excess of \$600.

HAMILTON COUNTY

CARMEL CLAY SCHOOLS

July 1, 2011 to June 30, 2013, Report B43367

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance. A comparison of the records to the bank accounts indicated cash necessary to balance of \$1,510.81 at June 30, 2012, and \$2,679.28 at June 30, 2013.

HANCOCK COUNTY

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY

July 1, 2011 to June 30, 2013, Report B43467

PENALTIES, INTEREST, AND OTHER CHARGES

The School Corporation paid penalties, interest, and other charges to Card Member Services (School Corporation's credit card) in the amount of \$86 because payments were not remitted on a timely basis.

HOWARD COUNTY

NORTHWESTERN SCHOOL CORPORATION

July 1, 2011 to June 30, 2013, Report B43401

PAYROLL DEDUCTIONS

Amounts withheld from some employees' salaries as well as the employer's share for Annuities and Roth IRA's payable to TD Ameritrade and administered by McCready and Keene, Inc., were paid late on several different occasions. The dates of the corresponding payrolls, for these late payments, were from August 31, 2012 to September 27, 2013. The amounts due for the August 31, 2012 payroll were paid 491 days late and the other payments were from 7 to 52 days late. The employee's lost earnings, from these amounts being paid late, were \$10,236.36 as calculated by a representative of McCready and Keene, Inc. The School Corporation is making arrangements to pay this amount to TD Ameritrade which will then be applied to each employee's accounts that were affected by these late payments.

JACKSON COUNTY

MEDORA COMMUNITY SCHOOL CORPORATION

Years 2011-2013, Report B43560

CONDITION OF RECORDS

Incorrect fund numbers were used by the School Corporation when accounting for donations. As a result, the fund balances and the financial transactions of these funds were not reported resulting in an understatement of \$143,370 in receipts, \$87,665 in disbursements, and \$81,908 in cash and investments. Adjustments to the financial statement for the errors noted were proposed and accepted by the School Corporation.

The Payroll Withholdings fund does not reconcile to the amounts owed as of June 30, 2013. Although determined to be immaterial in total, many of the individual accounts that make up the fund are reporting incorrect balances. This is the result of old withholding accounts never being properly closed out and continuing to account for the employee withholdings and the new accounts being used to pay vendors, causing those accounts to report negative balances. Officials have been advised to analyze all the individual withholding accounts and make any necessary correcting adjustments for posting errors from prior years and to close out any old obsolete accounts.

SUPPORTING DOCUMENTATION

Accounts payable vouchers and supporting documentation were not presented to support the disbursements totaling \$7,204. Due to the lack of supporting information, we could not verify the purpose of the disbursement.

PENALTIES, INTEREST, AND OTHER CHARGES

The School Corporation paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$296 because the School Corporation did not remit payments on a timely basis.

KOSCIUSKO COUNTY

TIPPECANOE VALLEY SCHOOL CORPORATION

July 1, 2011 to June 30, 2013, Report B43216

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance. As of December 31, 2012, the last full month of employment of Sherri Adamson, the former Treasurer, the bank account reconciliation identified a cash shortage in the amount of \$61,615.05. Through subsequent attempts at reconciliation, current officials were able to reduce the unidentified cash short to \$45,136.90 as of May 31, 2013. This same difference has been maintained through the November 2013 reconciliation, which is the last month reconciled as of the date of this report.

WAWASEE COMMUNITY SCHOOL CORPORATION

July 1, 2011 to June 30, 2013, Report B43205

INTERNAL CONTROLS OVER DISBURSEMENTS

The School Corporation recorded disbursements in their records in December 2011 for \$2,309,234; however, the checks written to pay these expenses were not forwarded to the payee for up to 6 months. These included checks to Hall & Morose for insurance premiums held from March to September 2012 for \$350,360, transfers to Wawasee Self-Insurance Fund for \$1,958,874 held from February to June 2012.

The School Corporation recorded disbursements in their records in December 2012 for \$2,903,842; however, the checks written to pay these expenses were not forwarded to the payee for up to 6 months. These disbursements included a check to Kerlin Bus Sales for \$503,842, held from December 2012 until June 2013; a check to Hall & Marose for insurance premiums for \$100,000, held from December 2012 until June 2013; and transfers to Wawasee Self-Insurance Fund \$550,000, held from December 2012 until March 2013, and \$1,750,000 held until June 2013.

The held checks resulted in an understatement of the cash balances during the months the checks were held.

LAGRANGE COUNTY

LAKELAND SCHOOL CORPORATION

July 1, 2011 to June 30, 2013, Report B43308

PENALTIES, INTEREST, AND OTHER CHARGES

The School Corporation paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$11,138.88 because the School Corporation did not remit payments and required returns on a timely basis.

LAKE COUNTY

GRIFFITH PUBLIC SCHOOLS

July 1, 2011 to June 30, 2013, Report B43339

CONDITION OF RECORDS (Applies to Griffith Middle-High School)

The School Corporation became aware in June 2013 that the new Middle-High School Extra-Curricular Treasurer (who began August 6, 2012) had not performed proper monthly bank reconcilements for the period of July 2012 through April 2013. The discrepancies in receipting, recording, and accounting for the financial activities were as follows:

1. Proper monthly bank reconcilements were not performed for July 2012 to April 2013. Once the Middle-High School Extra-Curricular Treasurer determined that the reconcilements were not performed, the reconcilements were completed in May 2013. The Extra-Curricular Treasurer determined, as a result of reconciling, that not all collections receipted and posted as credit card payments from July 31, August 1, and August 2, 2012, had been finalized and properly processed with the credit card company. This resulted in a bank short of \$9,778.50 for unprocessed credit card collections. The Extra-Curricular Treasurer identified the affected receipts, students, and type of collection and the unprocessed collections were added back to the students' accounts for collection. On November 25, 2013, letters were sent to the affected students in an attempt to collect the unprocessed credit card collections.
2. As of June 30, 2012 and 2013, the Middle-High School had funds invested in certificate of deposits. Investment registers recording the activity of the certificate of deposits were not maintained.
3. The ability exists to record negative receipts and disbursements. Negative receipts were recorded to account for credit card fees assessed and nonsufficient funds (NSF) checks charged back to the schools bank account. Negative receipts of \$4,049.30 were recorded for school year 2012-2013.
4. The accounting system controls do not ensure that the date, which appears on each receipt or check, is consistent with the transaction's receipt or disbursement date as recorded within the accounting system and each related report. Receipts and disbursements can be backdated into the prior month until the records are closed for that month. In May 2013, \$1,565.92 of receipts was back dated to the months of July 2012 through April 2013.

SCHOOL TOWN OF HIGHLAND
July 1, 2011 to June 30, 2013, Report B43469**FINDING 2013-01 - CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS**

A comparison of the fund balances to the bank accounts indicated a cash necessary to balance (cash short in the bank) of \$3,798.97 as of June 30, 2013. Review of preceding months' reconciliations showed the cash necessary to balance amount had remained consistent since November 2012. However, it is unknown when the last time the School Corporation's main bank account was properly reconciled.

The cash necessary to balance amount has been an ongoing issue for the main bank account. The discrepancy was a result of numerous reconciling items dating back to the former Bookkeeper. Many issues were due to outstanding checks that had previously cleared the bank, yet the checks remained on the outstanding checks list as reconciling items.

The bank reconciliations were performed by the Bookkeeper and reviewed by the Director of Finance. A review of the bank reconciliations showed that they lack any documentation that they had been reviewed by the Director of Finance.

GRIFFITH PUBLIC SCHOOLS - ELDON READY ELEMENTARY SCHOOL
JULY 1, 2011 TO DECEMBER 17, 2013, Report B43789**REVENUES FROM VENDING**

The vending machine for Pepsi products was only accessible to the teachers and staff of the School. The product was directly purchased from Pepsi. The School personnel were responsible for refilling the pop machine; the School's custodian collected the sales from the pop machine to be receipted and deposited. The collections from the pop machine should have covered the cost of the invoices for new inventory. The receipts and disbursements of the pop machine were to be accounted for through the Pepsi fund of the School.

A comparison of the receipts and disbursements for the pop machine noted that no receipts had been electronically recorded to the ECA ledger even though \$1,594.94 was disbursed for inventory. In February 2012, ECA Receipt #26858 was written by Kelly Blackard for "Pop" for \$24 cash that was voided without explanation. The \$24 amount is included in the "Voided" Cash Handwritten ECA Receipts portion of the "Collections Not Deposited or Recorded" comment above.

Furthermore, of the \$1,594.94 disbursed for inventory, \$123.97 was disbursed from the Pepsi fund and \$927.26 was disbursed from the Student Activities fund; the remaining September 24, 2013 payment of \$268.83 had not been recorded in the ECA ledger. In addition, the September 10 and November 5, 2013 invoices totaling \$274.88 had not been paid as of December 31, 2013. The balance of the Pepsi fund as of December 31, 2013, was \$43.96. The ECA Treasurer was responsible for ensuring that pop collections were enough to cover the cost of the inventory.

Based on pop purchases, the amount charged per can, inventory losses, ending inventory, and the amount deposited, the Revenues from Vending that were unaccounted for netted to \$1,113.50. This was determined to be a conservative amount considering the beginning inventory balance was unknown and inventory losses were estimated above reported amounts.

SCHOOL LUNCH - COLLECTION OF AMOUNTS DUE

The School Corporation's food service program allows students to pre-pay for meals. Individual student accounts are established to account for payments made on students' accounts and reduction in the accounts for meal charges. The School Corporation has not established a policy addressing the authorization to charge a meal when a student account balance is not sufficient to cover the meal provided. Additionally the School Corporation does not have a collection policy for enforcing payment of delinquent student accounts.

A negative student balance indicates that the child's family has not paid for meals served to the child. A review of student balances at June 24, 2013, and January 30, 2014, noted an increase in the amounts owed to the School Corporation. At June 24, 2013, the list of student balances (excluding inactive students who have left the School Corporation) was \$39,397.75. At January 30, 2014, the student balances (excluding inactive students) was approximately \$77,000. Including inactive students, the balance owed was \$88,307.72. These balances did not include amounts owed as of July 30, 2012.

On July 30, 2012, the amount owed to the School Corporation was \$75,692.55. During the 2011-2012 school year, there were some issues with the Meal Magic point of sale software (used to track meals sold and charged) and the RDS student software system (accounting software used to maintain records on pre-payments, charges, and balances remaining). The RDS software interfaced nightly with the Meal Magic software, and provided the information for which students were eligible for free or reduced price meals. The Meal Magic software had a benefit expiration field which was not discovered until later in the school year. This benefit expiration field in Meal Magic overrode the free and reduced status being imported from the RDS system. As a result of the override, some students in Meal Magic were reclassified from free and reduced status to paid status in the system and were charged for meals for which they had no obligation to pay. This override process generated balances owed for students eligible for free or reduced price meals.

To correct this problem, all student balances in Meal Magic were written-off on July 30, 2012. The write-off was not submitted to or approved by the School Board. Some students, who had large balances at July 30, 2012, written off, continued to charge and accumulate large balances as of January 30, 2014.

Review of student activity during May 2013 noted student charges continued to occur during the last week of May, days before the end of the school year. These charges were for students who did not maintain a pre-paid balance.

LAPORTE COUNTY**TRI-TOWNSHIP CONSOLIDATED SCHOOL CORPORATION**

July 1, 2011 to June 30, 2013, Report B43938

PENALTIES, INTEREST, AND OTHER CHARGES

The School Corporation paid late payment penalties and interest to the Indiana Department of Workforce Development in the amount of \$657.48 and finance charges to Paw Prints Publishing in the amount of \$165.49 because the School Corporation did not remit payments on a timely basis.

MADISON COUNTY**CENTRAL INDIANA EDUCATIONAL SERVICE CENTER**

July 1, 2011 to June 30, 2013, Report B43212

COLLECTIONS OF AMOUNTS DUE

Payroll overpayments were made to two separate employees in the amount of \$769.25 and \$1,866.04, respectively, by the Service Center. Refunds have not been received as of the completion of the audit. However, the officials have taken action to resolve the overpayments through signed agreements by the two employees whereby they agree to repayment through payroll deductions by June 30, 2014, and November 30, 2014, respectively.

PAYROLL OVERPAYMENTS

Payroll oversight is an effective tool in monitoring and detecting errors in the payment of employees. The Service Center incorrectly entered the gross pay of two employees which was not caught by the reviewing individual. This resulted in a total overpayment to these individuals of \$2,635 for the audit period.

MARION COUNTY

METROPOLITAN SCHOOL DISTRICT OF LAWRENCE TOWNSHIP July 1, 2011 to June 30, 2013, Report B43351

SUPPORTING DOCUMENTATION

We noted the following disbursements did not include supporting documentation to support the purchases. Purchases included fuel, books, food, and other various items totaling \$7,190. Due to the lack of supporting information, we could not verify the purpose of the disbursement.

METROPOLITAN SCHOOL DISTRICT OF WARREN TOWNSHIP July 1, 2011 to June 30, 2013, Report B43238

BANK RECONCILIATIONS

The bank reconciliation is an effective tool in monitoring and detecting errors in the recording of the cash financial transactions and the resulting financial reporting. The School Corporation prepared monthly bank reconciliations of the bank balance with the record balance, but had unidentified variances which fluctuated each month. The variances ranged from a cash long position of \$24,844.23 to a cash necessary to balance (deficit) of \$25,138.27 during the two year audit period.

The reconciliations have not been in agreement with the records for several years. Timing differences between the payroll system and the general ledger system have been the main reason for the variances and occurred when some payroll transactions were processed but not posted to the general ledger system at the time or within the same month as the actual bank activity. These payroll transactions would be processed at a later time and would eliminate the differences which were part of the bank reconciliation variances.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP July 1, 2011 to June 30, 2013, Report B43470

FINANCIAL TRANSACTIONS AND REPORTING

Bank reconciliations included reconciling items that were not supported by adequate detail and were carried on monthly reconciliations for prolonged periods without being corrected in the financial records. Without adequate detail, reconciling items may not be

corrected appropriately against receipts and disbursements in the financial records or corrected in the appropriate accounting period. The June 30, 2013 bank reconciliation included the following reconciling items that did not have adequate detail or had remained uncorrected for a prolonged period:

- a. Unrecorded deposit from March 2013 of \$103,789 - receipted into records December 2013.
- b. Unrecorded bank fees from June 2012, which totaled \$42,183.
- c. Unidentified amount of \$4,477 dating back to at least June 2012, bank short - adequate detail not available to verify amount.
- d. Payroll transfers variance totaling \$151,811, bank short - adequate detail not available to verify amount.
- e. Credit card variances totaling \$799,885, bank long - related to accounting issues noted in item 4 above, and did not have adequate detail available to verify the amount.

METROPOLITAN SCHOOL DISTRICT OF WAYNE TOWNSHIP
July 1, 2011 to June 30, 2013, Report B43993

INTERNAL CONTROLS - WAYNE ENRICHMENT CENTER EXTRA-CURRICULAR ACCOUNT

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, deficiencies in the financial recordkeeping of the Wayne Enrichment Center Extra-Curricular Account. The School Corporation should have proper controls in place over the administration of the Wayne Enrichment Center Extra-Curricular account to ensure malfeasance, misfeasance, or nonfeasance does not occur. Without a proper system of internal control in place that operates effectively, malfeasance, misfeasance, or nonfeasance related to the administration of the Wayne Enrichment Center Extra-Curricular Account could remain undetected.

The following items were noted from the information presented for audit:

- No bank reconciliations were presented for the two year audit period.
- Receipts were not written for all money collected. Only five receipts were presented for audit. They were written from April 26, 2013 to May 3, 2013. These receipts were not on the prescribed form or an approved alternate.

Disbursements did not have proper documentation. Duplicate checks written February 2012 to May 2013 were presented, but not for the rest of the audit period. In addition, the accounts payable vouchers and the supporting documentation which should accompany each disbursement were not presented for audit.

MARSHALL COUNTY

ARGOS COMMUNITY SCHOOLS
July 1, 2011 to June 30, 2013, Report B43368

PENALTIES, INTEREST, AND OTHER CHARGES

The Argos Community Schools (School Corporation) paid penalties and interest to the Internal Revenue Service in the amount of \$10,119 because the School Corporation did not remit federal withholding payments on a timely basis for the 2nd and 3rd quarters of 2013. Payment was made on February 13, 2014, and the School Corporation is negotiating for a refund of some of the amount paid. It was also noted that the School Corporation paid late fees to the Town of Argos because the School Corporation paid some utility bills late.

PIKE COUNTY

PIKE COUNTY SCHOOL CORPORATION

July 1, 2011 to June 30, 2013, Report B43239

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Pike Central High School)

The High School ECA paid penalties and interest to Cardmember Services in the amount of \$61 because they did not make the credit card payment on time due to being out of school for the summer.

PULASKI COUNTY

EASTERN PULASKI COMMUNITY SCHOOL CORPORATION

July 1, 2011 to June 30, 2013 Report B43310

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for the audit period.

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the funds.

Some of the deficiencies include:

1. Posting errors.
2. Checks and receipts not recorded in the proper amounts.
3. Transactions recorded as "negative" receipts and disbursements.

PUTNAM COUNTY

WEST CENTRAL INDIANA EDUCATIONAL SERVICE CENTER

July 1, 2011 to June 30, 2013, Report B43406

PENALTY AND INTEREST

The Service Center paid penalty and interest to Workforce Development in the amount of \$138.60, because the Service Center did not remit their August 2011 unemployment benefit charges in a timely manner.

RUSH COUNTY

RUSH COUNTY SCHOOLS

July 1, 2011 to June 30, 2013, Report B43370

SALE AND RENTAL PROCEEDS

Proceeds in the amount of \$5,600 from the sale of real property, on which the former Arlington Elementary school building was located, were not receipted and deposited into the funds of the School Corporation, but instead were donated to the Rush County Community Foundation Legacy Fund (Fund). According to the Rush County Community Foundation website, the Fund was established on December 15, 2011, and its purpose is to provide financial support for Rush County Schools. This would include, but is not limited to, academic issues, athletic issues, capital projects and the General Fund. This is a non-permanent fund, of which, the principal is allowed to be spent toward the purpose of the Fund. It is not endowed.

BANK ACCOUNT RECONCILIATIONS (Applies to Rush Elementary School West and Rush Elementary School East)

Depository reconciliations of the fund balances to the bank account balances were not presented for audit for any months during the audit period for Rush Elementary School West.

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance with fund reports presented for audit for Rush Elementary School East. The outstanding check lists and any other supporting documentation were not presented for audit.

CONDITION OF RECORDS (Applies to Rush Elementary School East and Rush Elementary School West)

Financial records presented for audit were incomplete and not reflective of the activity of the Extra-Curricular funds for Rush Elementary School East and Rush Elementary School West. Records provided did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. Detailed ledgers of receipts, disbursements, and balances were not presented.

ST. JOSEPH COUNTY

UNION-NORTH UNITED SCHOOL CORPORATION

July 1, 2011 to June 30, 2013, Report B43378

FINANCIAL TRANSACTIONS AND REPORTING

Bank Account Reconcilements: Depository reconciliation of the fund balances to the bank account balances as of June 30, 2013, was conducted; however, the reconciliation did not balance. The reconciled bank balance was \$1,183,388. The cash balance per the School Corporation's records was \$1,202,753. The difference is \$19,365. Several items on the reconciliation were noted to be in error, such as a deposit in transit dated June 30, 2012, and outstanding checks that have already cleared the bank. Upon review of the prior bank reconcilements, the reconciliations have not balanced for the past several years. In addition, no one is reviewing the bank reconcilements other than the person preparing them.

WABASH COUNTY

METROPOLITAN SCHOOL DISTRICT OF WABASH COUNTY

July 1, 2011 to June 30, 2013, Report B43344

COLLECTION OF AMOUNTS DUE

The School Corporation is the Lead Educational Agency for the Wabash Miami Area Program. Billings to participating school corporations for Child Development transfer tuition are sent annually approximately six months after the close of the school year. As of January 21, 2014, \$232,795 was owed to the School Corporation for the 2009-2010, 2010-2011, and 2011-2012 school years. A similar comment appeared in prior Report B40150.

WABASH CITY SCHOOLS

July 1, 2011 to June 30, 2013, Report B43312

CONDITION OF RECORDS - PREPAID LUNCH CLEARING ACCOUNT

Financial records presented for audit were incomplete and not reflective of the activity of the Prepaid Lunch Clearing Account. Some of the transactions in the ledger were made by using "negative" entries for both receipts and disbursements. Adjusting entries were proposed and approved by School Corporation officials for financial statement reporting.

UNREPORTED TRANSACTIONS - GENERAL FUND

Financial records presented for audit were incomplete and not reflective of the activity of the General Fund. On December 21, 2011, the Wabash City Schools received a \$1,000,000 refund from overpayment of prior years' health insurance premiums. This money was deposited into one of the Corporation's bank accounts, but not recorded on the ledger. On January 31, 2013, the Wabash City Schools obtained a temporary loan in the amount of \$437,776. This money was deposited into one of the School Corporation's bank accounts, but not recorded on the ledger. Adjusting entries were proposed, approved, and made to the General Fund for financial statement reporting.

WAYNE COUNTY

NORTHEASTERN WAYNE SCHOOL CORPORATION

July 1, 2011 to June 30, 2013, Report B43379

COLLECTION OF AMOUNTS DUE

As noted in prior Report B40169 and during the current audit period, latchkey delinquencies were not handled as noted in the guidelines for the program. The After School Child Care Handbook states in part: "Fees must be paid in full every two weeks. Charges beyond this are considered delinquent and may result in your child not being able to use the child care program."

The School Corporation does not have a policy for the collection of delinquent textbook rental collections and no attempts were made to collect the delinquencies after each fiscal year end.

Transfer tuition was not charged in fiscal year 2011-2012 even though there were students who resided outside the state of Indiana and should have been charged.

IPAD INVENTORY

The School Corporation purchased 690 iPads during the period June 2011 through August 2012. iPad disposals totaled 542 and were as follows: 495 iPads were bought back by the original vendor they were purchased from and the High School Principal sold 47 iPads to a local vendor. The School Corporation should have 148 iPads on hand based on the purchases and disposals of iPads. An inventory of iPads performed indicated a total of 133 iPads on hand. This resulted in a shortage of 15 iPads.

The High School Principal sold a total of 47 iPads to a local vendor who was often used to repair the iPads. The vendor wrote two checks, payable to the Northeastern Jr-Sr High School, dated August 31, 2013, and September 5, 2013, for the purchase of the iPads in the amount of \$831 and \$1,090, respectively. These checks were deposited on September 6, 2013, and September 26, 2013, respectively. The High School Principal did not obtain approval for the disposals as required by the Disposition of Surplus Property policy passed by the School Board in May 2012. The policy states in part: "The Superintendent is authorized to dispose of obsolete instructional and other property by selling it to the highest bidder, by donation to appropriate parties, or by proper waste disposal. Disposal of surplus property purchased with Federal funds shall be disposed of in accordance with Federal guidelines."

Controls over iPads were not sufficient to allow further analysis or conclusions related to the location of these iPads.

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REPORTS NOT FILED WITH THE STATE EXAMINER

REPORTS NOT FILED WITH THE STATE EXAMINER

Each year, according to Indiana Code 5-11-1-4 (a) and 5-11-13-1, each governmental unit is required to file an annual financial report and a certified report of officer, employee, and agent compensation with the State Examiner. Both reports are completed and submitted within the Indiana Gateway for Government Units. Our agency notifies the responsible official of each governmental unit in December of each year that they are responsible for submitting the reports. Reminders are sent approximately one week prior to the due date of each report and another reminder is sent after the due date for any governmental unit that has not met the deadline. At a certain point, if there is noncompliance with filing either report to the State Examiner, our agency will issue a subpoena requesting that the official comply with filing their report or bring their records to our office so we can assist them on completing the filing of their report. For any governmental unit that doesn't comply with our subpoena, they are referred to the Indiana Attorney General's Office which tries to enforce our subpoena. If all attempts fail, the Attorney General's Office will refer the official to the local county court and prosecuting attorney to enforce compliance with the subpoena. If noncompliance continues, the county court can determine fines, costs, and forfeiture of office for the official.

The following governmental official was removed from their office in 2014 for not complying with filing reports with the State Examiner:

Official	Governmental Unit	Reports Not Filed
Jan Bradburn, former Township Trustee	Stoney Creek Township, Randolph County	2012 and 2013 Annual Financial Reports