

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

EXAMINATION REPORT
OF
TOWN OF WINGATE
MONTGOMERY COUNTY, INDIANA
January 1, 2003 to December 31, 2005



FILED
12/27/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rex Mapes	06-01-00 to 03-31-03
	Maryl Robinson	04-01-03 to 12-31-03
	Quin Northcutt	01-01-04 to 12-31-07
President of the Town Council	W. Morris McCullough	01-01-03 to 12-31-04
	William Marquess	01-01-05 to 12-31-05
	Tom Northcutt	01-01-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WINGATE, MONTGOMERY COUNTY, INDIANA

We were engaged to examine the financial information of the Town of Wingate (Town), for the period of January 1, 2003 to December 31, 2005. The Town's management is responsible for the financial information. Our responsibility is to express an opinion based on our examination.

The accounting records were inaccurate and incomplete for governmental, fiduciary, and enterprise funds. Deficiencies included failure to post or correctly post all cash receipts and disbursements to the prescribed accounting system, failure to perform monthly bank reconciliements, and failure to maintain adequate supporting documentation for disbursements. The Town's records do not permit the application of other auditing procedures to satisfy ourselves as to the fair presentation of the accounting records.

Due to the lack of records, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the cash transactions of the Town of Wingate for the periods ended December 31, 2003, 2004, and 2005. However, we did examine available records to the extent possible for compliance with State statutes and the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns published by the State Board of Accounts. The results of this examination are stated in the Audit Results and Comments.

STATE BOARD OF ACCOUNTS

November 21, 2006

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPUTER OUTPUT

Access to records and information generated by the computer system was limited due to failure of the Clerk-Treasurer to print out and maintain the monthly billings reports, penalty reports, and the daily cash collection reports.

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT

Annual reports for 2003, 2004, and 2005 were not presented for examination.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

BANK ACCOUNT RECONCILIATIONS

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

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. We noted several instances of deposits being made once a month.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

PRESCRIBED FORMS

The following prescribed or approved forms were either incomplete or not in use:

- Form 208, Ledger of Receipts, Disbursements and Balances
- Form 209, Ledger of Appropriations, Encumbrances, Disbursements and Balances
- Form 99A, Employee Service Record
- Form 100R, Certified Report of Names, Addresses, Duties and Compensation of Public Employees
- Form 206, Clerk-Treasurer's, City Controller's and City Treasurer's Monthly Financial, Depository Statement and Cash Reconciliation
- Form 319, Simplified Cash Journal- Water Utility- Class C
- Form 323, Simplified Cash Journal- Wastewater Utility- Class C
- Form 39, Accounts Payable Voucher
- Form 301, Municipal Water Utility Accounts Payable Voucher
- Form 301S, Municipal Sewage Utility Accounts Payable Voucher
- CTAR-1 Cities and Towns Annual Report

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST AND OTHER CHARGES

Substantial amounts of penalties and interest for late payment and nonpayment of withholdings have been assessed against the Town. Due to the lack of supporting documentation, we were unable to determine the total amount of penalties and interest paid.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CLAIMS

Claims were not prepared and submitted to the Town Council for approval. The Town Council minutes submitted for examination did not indicate approval of the checks written.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

SUPPORTING DOCUMENTATION

Numerous payments were observed which were not accompanied by adequate supporting documentation. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

Due to the condition of the records we were unable to verify the Town's compliance with the approved budgets.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

The Town Council has not established a capital assets policy. The Clerk-Treasurer has not maintained the prescribed capital assets ledger, Form 211.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

We were presented no evidence that the Town Council had passed salary ordinances for 2003, 2004, and 2005. Therefore, we were unable to verify that payments to officials and employees were correct.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

CERTIFIED REPORT NOT FILED

We found no evidence that the Town filed a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2003, 2004, and 2005.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Some officials or employees of the Town had money due from the Town, but a list of such employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

TOWN OF WINGATE
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2006, with Quin Northcutt, Clerk-Treasurer. The official concurred with our findings.