

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

EXAMINATION REPORT

OF

TOWN OF ROSELAND

ST. JOSEPH COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED
05/22/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Cheryl Gridley

01-01-04 to 12-31-07

President of the Town Council

Dorothy Snyder
Charles V. Shields

01-01-06 to 12-31-06
01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROSELAND, ST. JOSEPH COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Roseland (Town), for the period of January 1, 2006 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Financial records presented for examination were incomplete and not reflective of the activity of the Town's funds. The records presented did not provide sufficient information to examine receipts, disbursements, and ending balances, or the accuracy or correctness of the transactions.

Because of the restrictions on our examination as discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on whether the financial information referred to above presents fairly, in all material respects, the cash transactions of the Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 26, 2007

TOWN OF ROSELAND
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 33,946	\$ 152,941	\$ 327,929	\$ (141,042)
Motor Vehicle Highway	14,906	83,537	58,162	40,281
Local Road and Street	11,723	8,266	550	19,439
Park and Recreation	(879)	44,569	19,498	24,192
Law Enforcement Continuing Education	1,206	1,106	3,100	(788)
Riverboat	3,894	4,058	9,074	(1,122)
Rainy Day	18,766	45,135	116,865	(52,964)
Major Moves	-	76,733	-	76,733
Cumulative Capital Improvement	166	2,305	2,565	(94)
Cumulative Capital Development	58,864	8,580	28,930	38,514
County Economic Development Income Tax	118,665	50,361	84,467	84,559
Redevelopment Commission	-	-	8,022	(8,022)
Leaf Assistance Program	111	-	-	111
Town Welcome	10	-	-	10
Police Donation	154	-	-	154
Holy Cross Patrol	3,262	9,600	8,829	4,033
Fiduciary Fund:				
Payroll	(140)	182,665	181,813	712
Totals	<u>\$ 264,654</u>	<u>\$ 669,856</u>	<u>\$ 849,804</u>	<u>\$ 84,706</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ROSELAND
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected except for the final settlement of \$77,804 which was not released by the County Auditor until January 2007 and was received and recorded by the Town on January 8, 2007.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF ROSELAND
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Overdrawn Appropriations

For the year 2006, the General Fund and the Rainy Day Fund appropriations were materially overdrawn in the amounts of \$37,290 and \$63,754, respectively. Legal fees paid from the General Fund and Rainy Day Fund in 2006 in excess of the approved appropriations were \$32,296 and \$63,619.

Note 7. Subsequent Events

Numerous lawsuits have been filed against the Town, some with the potential loss in excess of \$7,500 each. However, the outcome of these lawsuits cannot be reasonably determined at this time. There is however one tentative settlement that would require the Town to purchase certain real estate plus closing costs and pay damages and attorney fees all totaling \$89,048. There is another tentative settlement that would require the Town to pay \$7,500.

The Town record balance at March 31, 2007, per the Monthly Cash Statement Report is \$133,287 and with recommended examination adjustments for 2006 of (\$70,558) is \$62,730. Known unpaid claims at April 15, 2007, appear to be \$66,410. The unpaid claims amount consists of the current Claim Input Register, dated April 13, 2007, totaling \$51,993, current unpaid bills in the Clerk-Treasurer's custody not on the register totaling \$2,077 and an unpaid bill for the purchase of a police car in December 2006 of \$12,340.

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS PRESENTED FOR EXAMINATION

Financial records presented for examination were incomplete and not reflective of the activity of the Town for 2006. 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. Records were not provided in a timely manner.

On March 1, 2007, the Clerk-Treasurer of the Town of Roseland was contacted to provide Town records for examination. The Clerk-Treasurer informed us she would have the Town records available on March 12, 2007. On March 13, 2007, the Clerk-Treasurer presented us with the Town records. Many Town records were not provided. There was no annual report. There were no financial reports for December 2006 and for many of the earlier months of 2006. There were no bank statements, reconcilements, cancelled checks or duplicate checks provided. Not all duplicate receipts issued in 2006 were provided. No detailed payroll records were provided. The invoices provided as support for Town disbursements were in disorder and were not referenced to the paid claim they were to support. It was determined that many paid claims had no invoices on file. On March 14, 2007, the Clerk-Treasurer was advised of the missing records and was sent an e-mail listing the records still needed for examination. On March 20, 2007, the Clerk-Treasurer provided more records. These included bank statements for 2006 and January 2007, but no cancelled checks nor bank reconcilements for any month. Inaccurate employee W-2s for 2006 were provided, but few detailed payroll records were provided. The 2006 and 2007 budget estimates and additional appropriations were provided. Additional duplicate receipts for 2006 were provided, but still not all the 2006 receipts. Some financial reports covering December 2006 were provided. On March 26, 2007, the Clerk-Treasurer provided the rest of the duplicate checks for 2006 and the rest of the receipts for 2006. On March 27, 2007, the Clerk-Treasurer provided more records. On March 29, 2007, the Clerk-Treasurer called to indicate information on an unidentified deposit of \$28,642.15 would be obtained from the bank and should be available to us in about 1 week. At a meeting on April 16, 2007, the Clerk-Treasurer was able to identify the \$28,642.15 as proceeds from a Town auction.

As of the conclusion of the examination many financial records were still not available for examination. An annual financial report was not provided. No bank reconcilements were provided. Supporting documentation was not provided for many of the checks issued by the Town. The Town's computerized accounting system has 14 separate forms and reports approved for use. None of these forms and reports were provided for the months of February through May 2006. Also, some of these reports were not available for other months. These include the 'Receipt Register', the 'Claim Input Register', the 'Warrant Register', the 'Warrant Register Recap', the 'Statement of Appropriation Balances', the 'Receipts Financial Report', the 'Payroll Check Register', and the 'Payroll Check Register Recap'.

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)

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)

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

Powers and duties of the Clerk-Treasurer are set out in Indiana Code 35-5-6-6.

"(a) The clerk-treasurer shall do the following: (1) Receive and care for all town money and pay the money out only on order of the town legislative body. (2) Keep accounts showing when and from what sources the clerk-treasurer has received town money and when and to whom the clerk-treasurer has paid out town money. (3) Prescribe payroll and account forms for all town offices. (4) Prescribe the manner in which creditors, officers, and employees shall be paid. (5) Manage the finances and accounts of the town and make investments of town money. (6) Prepare for the legislative body the budget estimates of miscellaneous revenue, financial statements, and the proposed tax rate. (7) Maintain custody of the town seal and the records of the legislative body. (8) Issue all licenses authorized by statute and collect the fees fixed by ordinance. (9) Serve as clerk of the legislative body by attending its meetings and recording its proceedings. (10) Administer oaths, take depositions, and take acknowledgment of instruments that are required by statute to be acknowledged, without charging a fee. (11) Serve as clerk of the town court under IC 33-35-3-2, if the judge of the court does not serve as clerk of the court or appoint a clerk of the court under IC 33-35-3-1. (12) Perform all other duties prescribed by statute.

(b) A clerk-treasurer is not liable, in an individual capacity, for any act or omission occurring in connection with the performance of the requirements set forth in subsection (a), unless the act or omission constitutes gross negligence or an intentional disregard of the requirements."

BANK ACCOUNT RECONCILIATIONS AND POSTING ERRORS

Depository reconciliations of the fund balances to the bank account balances were not performed by the Clerk-Treasurer for 2006. No bank reconciliation was provided or prepared at December 31, 2006. The Clerk-Treasurer's unaudited records report a cash balance of \$155,264.06 at year end and the Town bank account shows a cash balance of \$130,399.90 at year end. A review of the January 2007 bank statement shows that there is at least \$50,664.65 of outstanding checks at December 31, 2006, that cleared the bank in January 2007 and at least one deposit in transit of \$1,045.66, deposited on January 11, 2007. The Clerk-Treasurer also maintains a \$100 petty cash fund. Other possible adjustments to the bank account at year end are not known. Considering the outstanding checks, the deposit in transit and the petty cash, it appears that the financial records of the Town show a balance that is in excess of the adjusted bank balance by \$74,383.15.

Several adjustments to the Clerk-Treasurer's records have been identified. In 2005, the Clerk-Treasurer repaid a temporary loan by bank transfer. As noted in the last report this \$100,000 repayment was not posted to the Town records. The Clerk-Treasurer has indicated that the repayment has still not been posted and our review of disbursements confirms that the payment was not posted in 2006. Also, the review of two months of receipts in 2006 has identified a deposit on November, 15, 2006, in the amount of \$28,642.15 that was not receipted and was not recorded on the Town records. Also, on August 1, 2006, a receipt for \$1,600 and deposited for \$1,600 was posted to the Holy Cross Village Police Patrol Fund for \$800. The affect of these three posting errors would be to reduce the record balance of the Town by \$70,557.85 and the balance that is in excess of the adjusted bank balance to a difference of \$3,825.30.

A similar comment appeared in the prior report concerning bank reconciliations not being provided for 2004 and 2005. The December 2005 reconciliation prepared by the field examiners for examination purposes showed that the financial records of the Town was in excess of the bank balance by \$16,290.43.

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

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)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT

An annual report for 2006 was not presented for examination.

A similar comment appeared in the prior report stating that an annual report for 2005 was 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 . . ."

RECEIPT DEFICIENCIES

The following deficiencies in receipts were noted:

1. Receipts were not written for all collections received by the Town. For example, a deposit of \$28,642.15 on November 15, 2006, to the Town bank account cannot be traced to any receipt or series of receipts. At December 31, 2006, this deposit has not been recorded to the Town financial records. Also, 3 separate state deposits in 2006 cannot be traced to any receipt. These state distributions were, however, posted to the financial records in 2006.
2. Receipts for many collections were not written in a timely manner. For example, 2 state distributions in November 2006 were not receipted until December 2006, approximately 30 days after they were deposited. These state distributions were also not posted to the financial records until December 2006.
3. Receipts were not always deposited in a timely manner. Instances were noted of receipts accumulating for as much as 15 days prior to the date of deposit.

A similar comment appeared in the prior report listing deficiencies in receipts.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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."

OVERDRAWN APPROPRIATIONS

The records presented for examination showed that expenditures in the General Fund exceeded budgeted appropriations by \$37,290 and expenditures in the Rainy Day Fund exceeded budgeted appropriations by \$63,754. These overspent appropriations were the direct result of large amounts of legal fees incurred and paid in 2006. Invoices examined and paid in 2006 for legal services totaled \$159,867. Budgeted appropriations in the General Fund and Rainy Day Fund for legal services were \$80, 611.

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."

OVERDRAWN CASH BALANCES

The cash balances of six funds were overdrawn at December 31, 2006. The General Fund and the Rainy Day Fund were materially overdrawn in 2006.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LACK OF SUPPORTING DOCUMENTATION

Numerous payments were noted which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. For example, in October of 2006, 43 checks were issued. After review of these transactions, it was noted that 21 of the disbursements did not have any documentation to support the purchase. 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 report noting lack of supporting documentation.

Also, the claims on file as supporting documentation for disbursements were not properly referenced to the disbursements. The claims on file did not include voucher numbers or check numbers and in many instances did not reference the fund and account being charged.

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)

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

CONDITION OF PAYROLL RECORDS

Payroll records presented for examination were incomplete and not reflective of 2006 payroll activities. The following deficiencies were noted.

While reviewing payroll for 2006, it was noted that W-2 Forms incorrectly reported employee wages. The amount reported on each W-2 Form was less than the amount reported on the Town's Appropriation Financial Report for 2006 in an amount equal to one gross payroll check per employee.

Also, the records presented did not provide sufficient information to audit or establish payments made related to payroll taxes. The 2006 year end Appropriation Financial Report shows \$41,681 in payroll taxes paid and the computed liability for 2006 is \$49,632. Year end payroll records were not presented for examination to verify accuracy of expenditures listed on the Appropriation Financial Report.

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)

CAPITAL ASSET RECORDS

The Town does not maintain complete capital asset records. The prescribed City/Town Form 211, Capital Assets ledger was not in use.

A similar comment appeared in the prior report.

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. 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)

OFFICIAL BOND

The Clerk-Treasurer has a public official bond in the amount of \$15,000 filed with the St. Joseph County Recorder, record 0411675. This bond was cancelled by the insurance company providing the bond effective April 22, 2007. The Clerk-Treasurer's current term of office ends January 1, 2008.

Indiana Code 5-4-1-9 states: "An officer required to give an official bond shall give the bond before the commencement of his term of office. If the officer fails to give the bond before that time, the officer may not take office."

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following . . . town, . . . officers and employees shall file an individual surety bond: . . . (2) Town judges, and clerk-treasurers. . . (5) Those employees directed to file an individual bond by the fiscal body of a . . . town . . .

(b) The fiscal body of a . . . town . . . may by ordinance authorize the purchase of a blanket bond or a crime insurance policy . . . to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit including those officers described in subsection (a).

(c) The fiscal bodies of the respective units shall fix the amount of the bond of . . . town clerk-treasurers, . . . as follows: (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2). (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

INTERNAL CONTROLS

It was noted in some examination procedures performed that the internal control system has weaknesses and cannot be relied upon. For example, the cash balances of the General Fund and Motor Vehicle Highway Fund at January 1, 2006, on the December 31, 2006, monthly cash statement do not agree with the prior year reported ending balances for these funds and no documentation was available to explain these differences. Bank reconciliations are not prepared. Cash disbursements on the December 31, 2006, monthly cash statement for eight different funds do not agree with the detail of cash disbursements for these funds. With the small staff at the Town of Roseland, segregation of duties is not possible. Supporting documentation provided does not include adequate references to easily reconcile them to cash disbursements. Capital asset records are inadequate.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REVIEW OF RECORDS TO DATE

The Town adjusted record balance at March 31, 2007, is \$62,729 (record balance of \$133,277 less 2006 examination adjustments of -\$70,558). Unpaid claims at April 16, 2007, as provided by the Clerk-Treasurer total \$66,410 (Claim Input Register of claims to be approved for payment totaling \$51,993 plus current unpaid bills not on the register totaling \$14,417). The unpaid claims on hand at April 16, 2007, exceed the March 31, 2007, record balance by \$3,680. Receipts for April 2007 are not known, payroll costs for April 2007 are not known and other costs of operations for April 2007 are not known. From information that is available, however, it appears that the Town of Roseland may not have funds available to meet its cost of operations.

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-25-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A governmental unit may not incur indebtedness unless specifically allowed by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 ROSELAND
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2007, with Cheryl Gridley, Clerk-Treasurer; and David Snyder, Town Council member; and on April 30, 2007, with Charles V. Shields, Town Council President. The official response has been made a part of this report and may be found on page 15.

May 6, 2007

To Whom It May Concern:

I wish to explain my slow process in doing my work. In February of 2006, I found out that I had Breast Cancer. I had 2 surgical procedures which included a mastectomy. Before I had even come back to work from surgery I was informed that it was time for the audit of 2004 and 2005. I came in and tried to do the best I could. Those 2 years were my 1st ones and I had a lot to learn. This audit took awhile with my being off sick too. I had problems with the bank statements from the start as the previous clerk was off in December 2003. Then not knowing the system and way of government bookkeeping I made sure the bills and payroll were done and entered into the computer when I learned the computer. I had mistakes in entering and was having to try to find my mistakes.

Since finding that I had breast cancer in February I was unable to do the annual report. In March and April of 2006 I had a severe reaction to the cancer medicine and had shortness of breath which we thought was related to my heart disease. I had heart attacks in 2000 & 2005. Then in June I had 5 precancerous spots removed. In September I had a cyst removed from my foot and was laid up for 2 months and then in December 2006 I had double major surgeries which I was laid up to March 2007.

I believe possibly the February 2006 to April 2006 records were mislaid with what they audited in 2006. Then they were put in the attic and council refuses to allow me access to these records. The checks, I told SBOA that are pullable from the bank on-line at their request.

I'm not sure what happened with the w-2's. I used the figures from the computer for them. I need to check and I will get into the problem with one pay not showing. The tax payments were made from the actual dockets.

I had 2 part time deputies and I'm sure they tried their best during my absence in the office. I did payroll, paying of bills, taxes and major things that arose and they did the rest.

Regarding the bank account - I got really frustrated and was hoping to get to it this year. Part of the mistake was from the first audit when the field examiners noticed that I had forgot to enter \$100,000. loan into the receipts. They had me enter this into the computer receipts and then since we had paid it off already, I forgot to enter back out and they didn't happen to remind me. I also had made a deposit for money from an auction and I forgot to enter into receipts. I have never taken any money or even thought of it from the town. I am human and do make errors unfortunately.

Budget appropriations were added to and I believed that I had given these to SBOA for the audit. I do not have those records back yet and apparently I did not get them into the computer as I had the last surgery in December 2006. I still cannot look in my office since the Council changed the locks to my door and won't give me a key. Council also has seized my records as soon as they get them at meetings and do not return.

The capital asset book was there I just forgot to finish the information.

There was an original that disappeared from my office from the previous CT.

I had a bond till the present council put a false claim in for money and they canceled the bond, thus resulting in not being able to obtain one even though it was a false claim. The Town insurance has a crime insurance policy that can cover me and does, but the council is trying to make the insurance

company exempt me from the coverage. They do not want me as the CT.

In January 2007 I also was in the hospital for heart related problems.

I have since February 2007 asked the council repeatedly to get a line of credit from the bank and they refuse to sign the paperwork. They have refused to sign claims since February 2007. One council person also sent notices out that cost the town approximately \$112,500 in fines. He on his own accord rescinded fines for ordinance violations.

Thank you for your cooperation,

Cheryl Gridley
Roseland Clerk-Treasurer