

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, 2007 to December 31, 2007



FILED
06/04/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cheryl Gridley Susan Hammons	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Charles V. Shields Elizabeth McCombs	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
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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, 2007 to December 31, 2007. 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 information presented for examination was incomplete and not reflective of the activity of the Town's funds. The records presented did not provide sufficient information to examine receipts and disbursements 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, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

March 31, 2008

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, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ (141,042)	\$ 274,079	\$ 325,812	\$ (192,775)
Motor Vehicle Highway	40,281	52,788	38,407	54,662
Local Road and Street	19,439	8,751	2,873	25,317
Park and Recreation	24,192	24,300	6,239	42,253
Law Enforcement Continuing Education	(788)	1,330	-	542
Riverboat	(1,122)	54,067	52,957	(12)
Rainy Day	(52,964)	-	-	(52,964)
Major Moves	76,733	4,380	-	81,113
Cumulative Capital Improvement	(94)	2,265	375	1,796
Cumulative Capital Development	38,514	62,195	50,000	50,709
County Economic Development Income Tax	84,559	13,741	4,518	93,782
Redevelopment Commission	(8,022)	-	-	(8,022)
Leaf Assistance Program	111	-	-	111
Town Welcome	10	-	-	10
Police Donation	154	10,374	8,993	1,535
Holy Cross Patrol	4,033	2,400	2,998	3,435
Fiduciary Fund:				
Payroll	712	136,381	131,450	5,643
Totals	<u>\$ 84,706</u>	<u>\$ 647,051</u>	<u>\$ 624,622</u>	<u>\$ 107,135</u>

The accompanying notes are an integral part of the financial information.

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.

TOWN OF ROSELAND
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

Note 6. Overdrawn Appropriations

For the year 2007, the General Fund appropriations were materially overdrawn in the amount of \$202,376. Of this amount \$199,322 was charged to nonappropriated expenditures which mostly represent legal fees and court ordered or negotiated settlements.

Note 7. Subsequent Event

The Town adjusted record balance for all funds at December 31, 2007, is \$107,135. Known unpaid claims as of December 31, 2007, that are from 2007 and prior years total \$94,234. As of March 31, 2008, the Town has paid \$49,972 of these claims.

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS PRESENTED FOR EXAMINATION

Financial records presented for examination were incomplete, disorganized and not reflective of all the activity of the Town for 2007. 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. Numerous adjustments made by the Clerk-Treasurer to the records were not supported by evidential matter.

The following Examination Results and Comments discuss various conditions that exist with the Town records, including: lack of reconciling; no annual report; overdrawn appropriations; overdrawn cash balances; receipt, receipt posting and deposit errors; and lack of supporting documentation for disbursements and payroll records.

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)

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 IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (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)

BANK ACCOUNT RECONCILIATIONS AND POSTING ERRORS

We identified numerous record adjustments that were needed in 2007. There were seven State distributions totaling \$5,243 that were deposited in 2007 but were never posted to the Town records. There were two receipt postings to the Major Moves Fund totaling \$81,113 in 2007 that were in error. No such funds were ever received. Also, a deposit of \$800 in August 2006 from the Holy Cross Village for police protection was not posted to the records and two deposits totaling \$2,400 in 2007 from the Holy Cross Village were not posted.

Monthly depository reconciliations of the Town fund balances to the bank account balances were not presented for examination or were incorrect for 2007. No bank reconciliation was provided or prepared at December 31, 2007. The Clerk-Treasurer's records report a cash balance of \$150,012 at year end and the Town bank accounts show a cash balance of \$129,402 at year end. The Clerk-Treasurer's review of the January and February 2008 bank statements show that there was \$21,852 of outstanding checks at December 31, 2007, that cleared the bank accounts in January and February 2008. There were checks totaling \$515, issued during the last six months of 2007, that did not clear the bank accounts in January and February 2008. The Clerk-Treasurer also maintains a \$100 petty cash fund. Other possible adjustments to the bank account balances at year end are not known. Considering the outstanding checks and the petty cash, it appears that the financial records of the Town show a balance that is in excess of the adjusted bank balances by \$42,877.

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

For 2007 reporting, the Clerk-Treasurer has adjusted the Town records for the above identified items and has also adjusted the Town General fund receipts by the amount necessary to balance the records to the adjusted bank balance. The Town's adjusted record balance at December 31, 2007, is \$107,315.

A similar comment appeared in the prior Report B29903 concerning bank reconcilements not being provided for 2006. The December 2006 reconciliation prepared by the field examiners for examination purposes showed that the balance shown in the financial records of the Town was in excess of the State Board of Accounts prepared adjusted bank balance by \$3,825.30.

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)

ANNUAL REPORT

An annual report for 2007 was not presented for examination.

A similar comment appeared in the prior Report B29903 indicating that the annual report for 2006 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 . . ."

OVERDRAWN APPROPRIATIONS

The records presented for examination showed that expenditures in the General Fund exceeded budgeted appropriations by \$202,376. These overspent appropriations were the direct result of large amounts of legal fees and court ordered or negotiated settlement fees and costs.

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 four funds were overdrawn at December 31, 2007. The General Fund and the Rainy Day Fund were materially overdrawn in 2007.

A similar comment appeared in the prior Report B29903 noting that the General Fund and the Rainy Day Fund were materially overdrawn in 2006.

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

RECEIPTS AND DEPOSITS

In several instances receipts were not issued or recorded. For instance, deposits were made on February 12, 2007 and April 10, 2007, in the amount of \$1,600 and \$800, respectively. During our review of receipts we noted that a receipt had not been issued for either transaction and we were unable to verify the posting of the amounts to the records.

Receipts were not always posted timely. In one instance, receipts totaling \$781.43 were received on February 28, 2007, deposited on March 14, 2007, and not posted to the records until December 31, 2007. In another instance, a check received in the amount of \$6,358.11 was deposited in March and not posted to the records until December 31, 2007.

In numerous instances, electronic fund transfers were not properly receipted into the records. Electronic fund transfers totaling \$5,242.48 were credited to the bank account in January 2007 and August 2007; however, we were not able to verify the posting of the distributions to the records.

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)

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."

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)

APPROVAL OF CLAIMS

Many claims paid by the Clerk-Treasurer in 2007 were not approved by the Town Council. Because of the lack of supporting documentation, we could not determine whether most claims were properly approved.

Indiana Code 5-11-10-2(a) states: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

LACK OF SUPPORTING DOCUMENTATION

Numerous payments were noted which were not supported by adequate documentation, such as receipts, invoices, and other public records. For example, our review of 25 checks, issued in excess of \$3,000 in 2007, revealed 14 checks that cleared the Town's bank account for which no invoice or other documentation could be found. Also, 2 of these checks could not be traced to any ledger posting. Due to the lack of supporting documentation, the validity and accountability for some money disbursed could not be established.

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

A similar comment appeared in the prior Report B29903 noting the lack of supporting documentation.

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)

CONDITION OF PAYROLL RECORDS

The payroll records presented for examination were disorganized and incomplete. Time, attendance and service records were not available for all employees.

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 B29903.

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)

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

REVIEW OF RECORDS TO DATE

The Clerk-Treasurer has contracted with a software vendor for a new software system to provide an accounting system and forms for Town recordkeeping beginning January 1, 2008. The Clerk-Treasurer is depositing daily and issuing receipts for all collections received but as of March 18, 2008, has not issued receipts for any electronic transfer deposits made in 2008. The Clerk-Treasurer is preparing claims and paying bills approved by the Town Council. However, all receipts and disbursements for 2008 have not been posted to the new recordkeeping system as of March 31, 2008. Also, the software forms that will be used in place of prescribed forms have not been approved for use by the Town.

The Clerk-Treasurer has attempted bank reconciliements for January and February 2008, but cannot balance them to any record balance until all transactions are posted. The bank account balances at February 29, 2008, total \$32,802.26. Unpaid claims from 2007 and prior total \$44,262 at February 29, 2008. The Town does not have sufficient cash on hand at March 1, 2008, to pay its outstanding bills.

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 IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

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)

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. (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 March 31, 2008, with Elizabeth McCombs, President of the Town Council; and Susan Hammons, Clerk-Treasurer.

The contents of this report were provided on April 2, 2008, to Cheryl Gridley, the former Clerk-Treasurer. The official response has been made a part of this report and may be found on pages 13 through 16.

4-10-08

Cheryl Gridley,
Former Roseland Clerk Treasurer
Pendle St - 137 E.
Roseland, IN 46637

Indiana State Board of Accounts
County City Building
South Bend, IN 46601

RE: Corrections to SBOA 2007 Audit of Roseland, IN

Dear Sirs:

The current Clerk Treasurer has in 2008 made derogatory comments, before and since taking office, about me at meetings and when residents have requested to access records in 2008 (I have this on video recording), so I believe that she and her deputy were not interested in assisting SBOA to find all the required records for this audit.

During 2007 the Town Council did not follow their ordinance regarding the regular town council regarding timing or format. This created the problem that I could not always prepare financial reports, claims and dockets for meetings as I was not sure when the meeting would be held, and when they did hold meetings they did not always have "Minutes, claims and dockets" on the agenda which cause these to not be addressed month after month. I advised the Council of my concerns about this and their reply was hostile.

For the record, as shown in South Bend Tribune, WNDU-TV and WSBT-TV reports at of 2007 Teddy D. Penn (his legal name) actions were to remove me from the office of the Town of Roseland Clerk Treasurer. His actions were so egregious that I was required to hire an attorney to file three legal actions: 1. *Restraining Order*, 2. *Harassment*, and 3. *Contempt of Court* against Mr. Penn and the Town Council. On April 2007 locks on my office were changed and the police began giving all mail directly to the Town Council, and only after filing of legal action did I receive a key, but multiple keys were also given to Council and the Police Department. After that date I could not fulfill my responsibility as custodian of the Town Records, which I notified the State Board of Account immediately and made a police record. My staff and I were harassed daily and verbally at meetings and in the town hall, with removal from meetings and with the constant bullying of court action in 2007. Also, I underwent seven surgical procedures in 2006 for health problems including breast cancer, acute diabetes and major cardiac problems which I am still being treated for and recovering from.

Information that must be included with this audit is as follows:

On the Officials section, President of Town Council for 1-1-07 to 12-31-07 was Charley V. Shields (his legal name), not Charles V. Shields.

On the Independent Accountant's Report: As I reported earlier to SBOA, everything, financial and computer records that I had contact with were in the office when I left on December 31, 2007. Again, as of April 2007 I was not the only person with a key to the Clerk Treasurer's office. Per Judge Scopoletis, I was not allowed to assure the safekeeping of the Town records as he ordered keys available to others. There was at least three other keys and I was always finding things moved and misplaced in my office after that date. Again, at one point I was totally locked out of my office and had

to go to court to even get a key for access to town records. Monies and mail was withheld by Council members and police after April 2007. As it was shown in court, Mr. Penn even had unauthorized people in my office, and this was proven in the court with pictures of financial items that had been taken out of my office.

Auditor Jim DeWinter did not contact me with questions, except for one regarding a 941 Deposit. The statement of the schedule of receipts and disbursements is not accurate reflection due to missing information from the present Clerk Treasurer.

As for Notes to Financial Information: Note 3 – The 2008 Budget was not passed correctly as they adjourned the public hearing without allowing anyone to speak, therefore they did not have a valid hearing before passing the Budget in September.

Note 6 – The appropriations were over drawn in 2006 (SBOA was aware and Council also). I proceeded the only way that I could proceed in these circumstances, per SBOA. The Council choose to continue spending appropriations and cash even though I warned the all during 2007 of financial problems. My attempt to freeze spending, at the suggestion of SBOA ,was ignored by the Council majority. I tried to have them to do transfers of appropriations and the Council also refused.

When I left office I had left all paper work and financial computer passwords for Susan Hammons, the in coming Clerk Treasurer. I cannot help that she has chosen to not use the information that I provide for her, nor the financial computer. Already this year, I have seen park employee sheets from 2007 that were never presented to me last year, never signed by current park board or town council which have been paid in 2008. The present Council and Clerk Treasurer and Chief Deputy Clerk are paying unencumbered 2007 bills and they are already overspending cash and appropriations.

As for Examination results and comments: Regarding bank reconciliations, I agree they not been done timely, but I was trying. As the SBOA will recall when I took office the bank reconciliation had not been done, and this was a problem that plagued me my entire term of office. I finally was able to reconcile the bank accounts November 2007, with many corrections of errors that I found in December 2007. These corrections I recorded in December 2007, but as I had been advised by the computer software company, I turned the computer date back to November so that I could reconcile with the last statement that I had received from the banks, November 30, 2007. The reconciliation of the December 31, 2007 statement is the responsibility of the 2008 Clerk Treasurer, not my responsibility as it is not issued until 2008.

If SBOA had looked at the 2006 audit and the pertinent records they would know that the Major Moves check was deposited in 2006 when received even though a fund had not been created in the computer so it was deposited into the General fund, but was transferred out of the General Fund to Major Moves Fund in the beginning of 2007. So, the statement in the regarding Major Moves is fundamentally incorrect. The Holy Cross funds were posted later as they were missed with the stress, audit and office lockout. Again, everything was posted in corrections shown in November 2007 statement of the records.

The Annual report for 2007 is the 2008 Clerk Treasurer's responsibility, and the Annual report for 2006 was noted in the 2006 audit and it was my understanding from the SBOA that I did not need to go back and issue a report after the audit, as the deadline had already passed.

As for Overdrawn Cash Balance: As explained earlier, I was totally controlled by Council in these

financial matters and had every month advised them on the financial situation of the town with numerous memos and this had started at the end of 2006 and I was in regular contact of SBOA about these problems and helped by them in regards to this. I advised both Council and SBOA that there was no cash and no appropriations repeatedly in 2007.

The Council withheld town money from me at different times during the year as SBOA was informed and court records monies showing up months later. The Clerk Treasurer's office was closed in March 2007 as I took a vacation and gave my staff time off because of the difficult working environment. I collected the mail regularly and my chief deputy clerk checked and forwarded phone messages during the vacation. The financial computer was down, because Council actions with the computer, from May, June and July and their actions lost financial information that had to be restored and some was lost completely and had to be reentered. The SBOA also did a 2006 audit in March and April 2007, this created restrictions from records during that time and this generated numerous corrections that were done later.

The Council and others were continuously causing a hostile work environment through all of 2007 with false allegations that caused us to be in court all of 2007.

Once again, SBOA did not contact me with questions during the audit that could have explained some things further. Also, Teddy D. Penn and Charley V. Shields both held money and collected money and these monies were not given to me timely, this must be noted as well.

I did not pay any bills that were not allowed by Indiana statute and Roseland Ordinances prior to Council approval, and all these claims and dockets were submitted to Council at meetings. There were claims that were approved by Council with signatures on the docket submitted at the council meetings, thus not on the claims themselves. On April 12, 2007 Council seized financial records, including claims and dockets, from my Deputy taken to the meeting who was not allowed to sit at the Town Board table to take minutes and refused to return the claims and dockets to myself, stating that they were "town property." Once again there were unauthorized persons in my office all year from April to Dec. 31, 2007. I have no idea what may have been available when the audit was started or completed. I must be noted that the 2008 Clerk Treasurer physically moved her office to another room in the town hall building at the first of the year, and this appears to have been done prior or while the audit was being completed.

As for Payroll records, they were in the personnel drawer, as it was procedure, when I left. I was ordered by Council to pay payroll even though no cash and appropriations in the General Fund, even by court order. I advised the Council in February, March, April, May, June and July 2007 that there was no money to pay payroll. It finally got to them that they had to be paid out of donations only after they had talked to Doug Weise, SBOA South Bend office and Charley Pride, SBOA Indianapolis office numerous times. I had advised the Council that they needed to lay off the police but they did not, so any payroll irregularities occurred because they were not being paid because there were no appropriations or money to pay them not because of records being kept. These payroll records were in their proper place on December 31, 2007. As of July, when Council did not want to pay my salary or the Deputy Clerk's wages they refused to sign payroll dockets and payroll dockets could be paid prior to council meetings according to ordinance and statute, the payroll dockets available or were present to Council regularly at meetings and not signed.

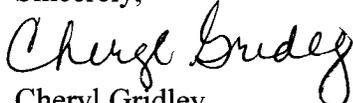
As for Capital Asset Records, there two sets of them in the office when I left on December 31, 2007.

As for the present town Council and Clerk Treasurer, they have from the first of the year been paying out of the General fund, which is still in the minus for cash. They have said they are getting a new computer system, and this is why they do not have current financial information for residents or council, when they have no funds to pay from (no cash and no appropriations as they do not have a legally passed budget).

Once again, everything balanced when I left office in December 31, 2007. If the SBOA would like to discuss any of this information with me, please let me know.

Thank you to Doug Weise and Charley Pride, and other at the SBOA who were kind and helpful during this very difficult year.

Sincerely,


Cheryl Gridley

Attachments

Additional Attachment will be added.