

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

EXAMINATION REPORT  
OF  
TOWN OF CLARKS HILL  
TIPPECANOE COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
02/25/2010



## TABLE OF CONTENTS

| <u>Description</u>   | <u>Page</u> |
|--|-------------|
| Officials .....  | 2           |
| Independent Accountant's Report.....   | 3           |
| Financial Information:   |             |
| Schedules of Receipts, Disbursements, and Cash and Investment Balances ..... | 4           |
| Notes to Financial Information .....   | 5-6         |
| Supplementary Information:   |             |
| Schedule of Long-Term Debt .....   | 7           |
| Examination Results and Comments:  |             |
| Personal Expenses.....   | 8           |
| Salary Overpayment.....  | 8           |
| Official Bond .....  | 8-9         |
| Public Records Retention .....   | 9           |
| Penalties, Interest, and Other Charges .....                                 | 9           |
| Condition of Records .....   | 10          |
| Errors on Claims .....   | 10-11       |
| Appropriations.....  | 11          |
| Repayments and Transfers .....   | 11          |
| Deposits.....  | 11          |
| Service and Time Records .....   | 12          |
| Separate Bank Accounts .....   | 12          |
| Meter Deposits.....  | 12          |
| Distribution of Wastewater Gross Revenues to the Various Funds .....         | 12-13       |
| Hydrant Rental.....  | 13          |
| Annual Report.....   | 13          |
| Capital Asset Records .....  | 13-14       |
| Utility Receipts Tax.....  | 14          |
| Exit Conference.....   | 15          |
| Official Response .....  | 16          |
| Summary .....  | 17          |
| Affidavit .....  | 19          |

OFFICIALS

| <u>Office</u>                    | <u>Official</u>               | <u>Term</u>                                  |
|----------------------------------|-------------------------------|--|
| Clerk-Treasurer                  | Tracy Davis<br>Deborah Sutton | 01-01-04 to 12-31-07<br>01-01-08 to 12-31-11 |
| President of the<br>Town Council | Clark Whitley                 | 01-01-07 to 12-31-09                         |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CLARKS HILL, TIPPECANOE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Clarks Hill (Town), for the period of January 1, 2007 to December 31, 2008. 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.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 30, 2009

TOWN OF CLARKS HILL  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2007 And 2008

|  | Cash and<br>Investments<br>01-01-07 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-07 |
|--|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:                    |                                     |                   |                   |                                     |
| General                                | \$ 45,231                           | \$ 68,119         | \$ 104,406        | \$ 8,944                            |
| Motor Vehicle Highway                  | 24,506                              | 40,547            | 42,592            | 22,461                              |
| Local Road and Street                  | 23,097                              | 7,175             | 555               | 29,717                              |
| Cumulative Capital Improvement         | 6,221                               | 2,388             | -                 | 8,609                               |
| Cumulative Capital Development         | 6,720                               | 1,116             | 228               | 7,608                               |
| CEDIT                                  | 47,664                              | 10,439            | 52,367            | 5,736                               |
| Ball Park Fund                         | -                                   | 3,897             | -                 | 3,897                               |
| Ruby Parks Fund                        | -                                   | 12,030            | -                 | 12,030                              |
| Police Car Fund                        | -                                   | 10,777            | -                 | 10,777                              |
| Trash                                  | 3,179                               | 23,839            | 23,749            | 3,269                               |
| Proprietary Funds:                     |                                     |                   |                   |                                     |
| Water Utility - Operating              | 2,298                               | 65,242            | 61,013            | 6,527                               |
| Water Utility - Customer Deposit       | 12,906                              | 2,060             | 1,150             | 13,816                              |
| Wastewater Utility - Operating         | 5,162                               | 83,759            | 86,874            | 2,047                               |
| Wastewater Utility - Bond and Interest | 434                                 | 5,507             | 5,526             | 415                                 |
| Wastewater Utility - Debt Reserve      | 1,572                               | -                 | -                 | 1,572                               |
| Fiduciary Fund:                        |                                     |                   |                   |                                     |
| Payroll                                | (7,019)                             | 156,732           | 149,713           | -                                   |
| Totals                                 | <u>\$ 171,971</u>                   | <u>\$ 493,627</u> | <u>\$ 528,173</u> | <u>\$ 137,425</u>                   |

|  | Cash and<br>Investments<br>01-01-08 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-08 |
|--|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:                    |                                     |                   |                   |                                     |
| General                                | \$ 8,944                            | \$ 104,372        | \$ 101,373        | \$ 11,943                           |
| Motor Vehicle Highway                  | 22,461                              | 29,950            | 43,187            | 9,224                               |
| Local Road and Street                  | 29,717                              | 7,044             | 3,863             | 32,898                              |
| Cumulative Capital Improvement         | 8,609                               | 2,211             | 7,000             | 3,820                               |
| Cumulative Capital Development         | 7,608                               | 1,264             | 8,383             | 489                                 |
| CEDIT                                  | 5,736                               | 12,400            | 18,130            | 6                                   |
| Ball Park Fund                         | 3,897                               | -                 | 10                | 3,887                               |
| Ruby Parks Fund                        | 12,030                              | 9,450             | 17,061            | 4,419                               |
| Police Car Fund                        | 10,777                              | -                 | 5,623             | 5,154                               |
| Levy Excess                            | -                                   | 1,966             | 711               | 1,255                               |
| Trash                                  | 3,269                               | 25,665            | 25,583            | 3,351                               |
| Proprietary Funds:                     |                                     |                   |                   |                                     |
| Water Utility - Operating              | 6,527                               | 59,662            | 58,202            | 7,987                               |
| Water Utility - Customer Deposit       | 13,816                              | 1,500             | 1,475             | 13,841                              |
| Wastewater Utility - Operating         | 2,047                               | 109,178           | 105,679           | 5,546                               |
| Wastewater Utility - Bond and Interest | 415                                 | -                 | -                 | 415                                 |
| Wastewater Utility - Debt Reserve      | 1,572                               | -                 | -                 | 1,572                               |
| Fiduciary Fund:                        |                                     |                   |                   |                                     |
| Payroll                                | -                                   | 139,089           | 138,930           | 159                                 |
| Totals                                 | <u>\$ 137,425</u>                   | <u>\$ 503,751</u> | <u>\$ 535,210</u> | <u>\$ 105,966</u>                   |

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

TOWN OF CLARKS HILL  
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, water, wastewater, 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. However, 2007 taxes were due on May 31, 2007 and November 13, 2007, and 2008 taxes were due in one installment on December 8, 2008.

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 CLARKS HILL  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF CLARKS HILL  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Town has entered into the following debt:

| Description of Debt                 | Ending<br>Principal<br>Balance | Principal and<br>Interest Due<br>Within One<br>Year |
|-------------------------------------|--------------------------------|---|
| Business-type activities:           |                                |   |
| Wastewater Utility:                 |                                |   |
| Loans Payable                       | \$ 8,390                       | \$ 8,653  |
| Revenue bonds:                      |                                |   |
| 1975 Sewage Works Revenue Bond      | <u>84,000</u>                  | <u>-</u>  |
| Total business-type activities debt | <u>\$ 92,390</u>               | <u>\$ 8,653</u>                                     |

TOWN OF CLARKS HILL  
EXAMINATION RESULTS AND COMMENTS

PERSONAL EXPENSES

A payment was made to Duke Energy with Town of Clarks Hill check number 7252 in the amount of \$699.86. Invoices supporting this disbursement totaled \$449.73. Records presented by Duke Energy indicate the balance of \$250.13 was applied to the personal account of Tracy Davis, former Clerk-Treasurer.

We have requested former Tracy Davis, Clerk-Treasurer, to reimburse the Town of Clarks Hill \$250.13 for personal expenses paid for with public funds. (See Summary, page 17)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SALARY OVERPAYMENT

Tracy Davis, former Clerk-Treasurer, regularly made payroll disbursements to herself in advance of services performed in 2007. The salary advances reached \$5,804.14 as of August 31, 2007. Tracy began writing payroll disbursements to herself for less than her allowable weekly salary beginning in September 2007. Tracy resumed normal salary payments to herself in December 2007.

Tracy Davis received a total gross salary of \$26,117.77 in 2007. The gross salary approved by the Town Council was \$24,514.42. The difference between actual gross salary and gross approved salary is \$1,603.35.

We have requested Tracy Davis, former Clerk-Treasurer, to reimburse the Town of Clarks Hill the total salary overpayment of \$1,603.35. (See Summary, page 17)

IC 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

OFFICIAL BOND

Tracy Davis, former Clerk-Treasurer, was bonded as follows:

| <u>Description</u>             | <u>Effective Dates</u>   | <u>Coverage</u> | <u>Surety</u>                        |
|--------------------------------|--------------------------|-----------------|--------------------------------------|
| Official Bond<br>No. 94GK43304 | 12-31-2006 to 12-31-2007 | \$ 15,000       | State Farm Fire and Casualty Company |

TOWN OF CLARKS HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

This bond was payable to the Town and not payable to the State of Indiana.

IC 5-4-1-10 states:

"All official bonds shall be payable to the state of Indiana; and every such bond shall be obligatory to such state, upon the principal and sureties, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by any breach of the condition thereof."

PUBLIC RECORDS RETENTION

The previous utility billing system records are not obtainable from the system, and were not presented for examination. Historical data, such as customer payment and billing histories, penalties applied, and adjustment reports are not attainable from the previous electronic system.

Wage and Tax Statements (Form W-2) from 2007 and payroll records from July 2007 to December 2007 were not presented for examination.

IC 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, 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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$275.59 were paid to the Internal Revenue Service on May 14, 2007, for the September 2004 to December 2004 Federal 941 payroll tax liability.

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 CLARKS HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CONDITION OF RECORDS

The following deficiencies were present during our examination period:

- (1) Record balances were not reconciled to depository balances during the two year period. A similar comment was cited in prior Report B31336.

IC 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."

- (2) Two CEDIT distributions, one in the amount of \$1,108.53 on March 21, 2008, the second in the amount of \$5,200.50 on November 14, 2008, were erroneously deposited to the General Fund.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

- (1) Claims are routinely not presented to the board for approval until after payment has been made. The Town does not have an ordinance authorizing prepayment of claims.
- (2) Three of sixty claims reviewed were not presented to the board for approval.
- (3) Seven disbursements reviewed were missing claim forms and detailed invoices or receipts.
- (4) Two of sixty claims reviewed were paid from statements instead of detailed invoices.
- (5) Two of five travel disbursements did not have a completed mileage claim form with trip details.

A similar comment appeared in prior examination Report B31336.

IC 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;

TOWN OF CLARKS HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (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."

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

| Fund                           | Years | Excess<br>Amount<br>Expended |
|--------------------------------|-------|------------------------------|
| CEDIT                          | 2007  | \$ 52,367                    |
| CEDIT                          | 2008  | 18,130                       |
| Cumulative Capital Improvement | 2008  | 500                          |
| Cumulative Capital Development | 2008  | 2,323                        |

IC 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."

REPAYMENTS AND TRANSFERS

The amount of \$3,000 was paid from the Trash Fund to the General Fund for the purposes of paying General Fund expenditures in December 2008.

Transfers of \$7,000 were made from the Cumulative Capital Improvement Fund and the Cumulative Capital Development Fund to the Wastewater Operating Fund for the purpose of paying the Wastewater Revenue Bonds due in December 2008.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS

Five of thirty-seven state distributions in 2007 were deposited later than the next business day.

IC 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."

TOWN OF CLARKS HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SERVICE AND TIME RECORDS

The Town employs individuals working for multiple political subdivisions, and individuals who work in multiple positions within the town. The employees are not maintaining hours worked and duties performed in order to determine proper allocation of payroll expenditures to the appropriate funds.

IC 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees: . . .

(2) employed by more than one public agency or in more than one position by the same public agency."

SEPARATE BANK ACCOUNTS

The Town purchased various certificates of deposits, in the name of the Town, from donations made to the driver of the Friendship Express van. These investments are not accounted for in the Town's records. The Friendship Express van is operated through a partnership between the Town and the Area IV Council on Aging. The driver of the van is not a Town employee.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

METER DEPOSITS

A meter deposit was paid to the Town for utility account 1080 in December, 2006. This meter deposit was applied in its entirety to the customer's utility bill both in January 2007 and April 2007, creating a balance due from the customer to the Meter Deposit Fund.

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and 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)

DISTRIBUTION OF WASTEWATER GROSS REVENUES TO THE VARIOUS FUNDS

As stated in prior Reports B22255, B26757, and B31336, gross revenues were not being distributed to the various wastewater utility funds in accordance with Revenue Bond Ordinance 74-2. One-tenth of the subsequent bond principal and interest payments should be transferred to the Bond and Interest Redemption fund on the first of every month, and \$285 should be transferred to the Debt Reserve Fund on the first of every month.

TOWN OF CLARKS HILL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Failure to make these transfers resulted in the Wastewater Utility's inability to pay the 2008 revenue bond payment from Wastewater revenues. Revenues from the Town's Cumulative Capital Improvement and Cumulative Capital Development Funds subsidized the 2008 bond payment. The next bond payment of \$16,200 is due January 1, 2010. As of October 31, 2009, the ledger balance of the Wastewater Operating Fund was \$10,427.87. The Town has not made transfers to the Bond and Interest Redemption Fund and the Debt Reserve Fund in 2009. The balances of the Bond and Interest Redemption Fund and the Debt Reserve Fund as of October 31, 2009, are \$415 and \$1,572, respectively.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

#### HYDRANT RENTAL

The Town of Clarks Hill did not pay hydrant rental in accordance with their ordinance. Ordinance 93-4 requires payments of \$150 per hydrant. The Town has 32 hydrants, for a total required payment of \$4,800. The Town paid \$6,800 in 2007, and \$6,800 on March 20, 2009, for 2008.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

#### ANNUAL REPORT

An annual report for 2007 was not presented for examination. The 2008 annual report presented was not reflective of the unit's receipts, disbursements and balances.

A similar comment appeared in prior examination Report B31336.

IC 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 . . ."

#### CAPITAL ASSET RECORDS

As previously reported in Reports B26757, B22255, B18067, B10868, and B31336, the Town and the Utilities do not maintain sufficient records of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

TOWN OF CLARKS HILL  
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)

UTILITY RECEIPTS TAX

The Water Utility did not pay Utility Receipts Tax to the Indiana Department of Revenue during the examination period.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (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 CLARKS HILL  
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2009, with Clark Whitley, President of the Town Council. The official concurred with our findings.

The contents of this report were discussed on November 30, 2009, with Tracy Davis, former Clerk-Treasurer.

The contents of this report were discussed on November 30, 2009, with Deborah Sutton, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 16.

## *Town of Clarks Hill*

9400 White Street  
P O Box 146  
Clarks Hill, IN 47930  
Phone (765) 523-2211  
Fax (765) 523-3144  
townofclarkshill@aol.com

December 4, 2009

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

### OFFICIAL RESPONSE

*The overpayment to Duke happen in 2007, and the Salary overpayment happened in 2007. I did not take office until 2008. We no longer use the billing system that get previous utility history. The prior clerk left the journal unbalanced and I could not figure out what she did. She made corrections backwards. This carried over to my term in office. New policies will be written by board for payroll and hydrant rental . The Utility receipt tax should have been caught a long time ago the town has never been written up for this I will find out how to start making these payments this is another item that has been carried over to my term.*

Sincerely,



Deborah Sutton  
Clerk/Treasurer

TOWN OF CLARKS HILL  
SUMMARY

|   | <u>Charges</u>              | <u>Credits</u>     | <u>Balance Due</u>            |
|---|-----------------------------|--------------------|-------------------------------|
| Tracy Davis, former Clerk-Treasurer:  |                             |                    |                               |
| Personal Expenses, page 8   | \$ 250.13                   | \$                 | \$                            |
| Salary Overpayment, page 8  | 1,603.35                    |                    |                               |
| <br>Paid by Tracy Davis, former Clerk-Treasurer,<br>February 12, 2010, Check No. 2048 | <u>                    </u> | 1,853.48           | <u>                    </u> - |
| <br>Totals  | <u>\$ 1,853.48</u>          | <u>\$ 1,853.48</u> | <u>\$ -</u>                   |

(This page intentionally left blank.)

AFFIDAVIT

STATE OF INDIANA        )  
                                  )  
Tippecanoe COUNTY )

I, Charlene Quednow, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Clarks Hill, Tippecanoe County, Indiana, for the period from January 1, 2007 to December 31, 2008, is true and correct to the best of my knowledge and belief.

Charlene Quednow  
Field Examiner

Subscribed and sworn to before me this 4<sup>th</sup> day of Feb, 2010.

Amie Phelps  
Clerk of the Circuit Court