

B37247

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

EXAMINATION REPORT
OF
TOWN OF CROTHERSVILLE
JACKSON COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
07/22/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	NaLona R. Bush	01-01-04 to 12-31-11
President of the Town Council	William C. Nagle Ardell Mitchell	01-01-07 to 12-31-07 01-01-08 to 12-31-10



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CROTHERSVILLE, JACKSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Crothersville (Town), for the period of January 1, 2007 to December 31, 2009. 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, 2008 and 2009, 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

June 17, 2010

TOWN OF CROTHERSVILLE
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, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 241,162	\$ 328,255	\$ 288,843	\$ 280,574
Motor Vehicle Highway	57,608	59,503	33,459	83,652
Local Road and Street	16,926	8,329	-	25,255
Law Enforcement Continuing Education	5,319	1,182	1,033	5,468
Park Nonreverting Operating	224	-	-	224
Nonreverting Housing Fund	11,438	2,000	-	13,438
Asset Forfeiture (Federal)	17,985	1,380	1,000	18,365
Police Reserve	450	-	387	63
Riverboat	29,680	9,900	5,668	33,912
Mitchell & Stark Construction	92	1	-	93
Lykins Construction	1,865	9	-	1,874
Cumulative Capital Improvement	6,903	5,514	-	12,417
Park Nonreverting Capital	12,072	250	3,880	8,442
Cumulative Capital Development	20,241	15,671	-	35,912
Economic Development Income Tax	27,858	19,598	10,424	37,032
Building Fund	10,009	10,050	-	20,059
Storm Water Planning Grant	-	29,620	29,620	-
Proprietary Funds:				
Water Utility - Operating	48,100	375,329	407,923	15,506
Water Utility - Bond and Interest	72,197	130,800	127,677	75,320
Water Utility - Depreciation	25,047	24,000	-	49,047
Water Utility - Customer Deposit	22,700	7,400	6,075	24,025
Water Utility - Reserve	143,906	-	-	143,906
Water Utility - Construction	15,966	-	-	15,966
Wastewater Utility - Operating	20,065	400,092	387,671	32,486
Wastewater Utility - Bond and Interest	1,643	89,477	91,120	-
Wastewater Utility - Depreciation	(162)	23,858	9,335	14,361
Wastewater Utility - Reserve	96,117	-	-	96,117
Fiduciary Fund:				
Payroll	15,397	158,685	157,926	16,156
Totals	\$ 920,808	\$ 1,700,903	\$ 1,562,041	\$ 1,059,670
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 280,574	\$ 217,474	\$ 292,616	\$ 205,432
Motor Vehicle Highway	83,652	43,651	43,033	84,270
Local Road and Street	25,255	7,859	13,663	19,451
Law Enforcement Continuing Education	5,468	1,258	430	6,296
Park Nonreverting Operating	224	130	-	354
Nonreverting Housing Fund	13,438	-	-	13,438
Asset Forfeiture (Federal)	18,365	910	1,000	18,275
Police Reserve	63	-	-	63
Riverboat	33,912	9,849	-	43,761
Mitchell & Stark Construction	93	1	-	94
Lykins Construction	1,874	9	-	1,883
Cumulative Capital Improvement	12,417	5,106	-	17,523
Park Nonreverting Capital	8,442	-	-	8,442
Cumulative Capital Development	35,912	8,399	5,000	39,311
Economic Development Income Tax	37,032	29,738	5,000	61,770
Building Fund	20,059	50	-	20,109
Proprietary Funds:				
Water Utility - Operating	15,506	387,064	376,448	26,122
Water Utility - Bond and Interest	75,320	130,800	128,111	78,009
Water Utility - Depreciation	49,047	24,000	22,500	50,547
Water Utility - Customer Deposit	24,025	6,375	6,575	23,825
Water Utility - Reserve	143,906	-	-	143,906
Water Utility - Construction	15,966	-	-	15,966
Wastewater Utility - Operating	32,486	391,462	404,769	19,179
Wastewater Utility - Bond and Interest	-	92,512	92,512	-
Wastewater Utility - Depreciation	14,361	18,900	16,856	16,405
Wastewater Utility - Reserve	96,117	-	-	96,117
Fiduciary Fund:				
Payroll	16,156	148,320	144,750	19,726
Totals	\$ 1,059,670	\$ 1,523,867	\$ 1,553,263	\$ 1,030,274

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

TOWN OF CROTHERSVILLE
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, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 205,432	\$ 248,411	\$ 334,761	\$ 119,082
Motor Vehicle Highway	84,270	41,453	45,413	80,310
Local Road and Street	19,451	7,369	5,954	20,866
Law Enforcement Continuing Education	6,296	1,523	-	7,819
Park Nonreverting Operating	354	274	282	346
Nonreverting Housing Fund	13,438	-	-	13,438
Asset Forfeiture (Federal)	18,275	726	1,000	18,001
Police Reserve	63	900	253	710
Riverboat	43,761	9,825	4,723	48,863
Mitchell & Stark Construction	94	1	-	95
Lykins Construction	1,883	7	-	1,890
Cumulative Capital Improvement	17,523	4,814	-	22,337
Park Nonreverting Capital	8,442	-	-	8,442
Cumulative Capital Development	39,311	9,028	-	48,339
Economic Development Income Tax	61,770	17,703	-	79,473
Building Fund	20,109	38	-	20,147
Rainy Day	-	6,800	-	6,800
Proprietary Funds:				
Water Utility - Operating	26,122	454,950	391,188	89,884
Water Utility - Bond and Interest	78,009	130,800	128,204	80,605
Water Utility - Depreciation	50,547	24,000	10,463	64,084
Water Utility - Customer Deposit	23,825	6,225	4,575	25,475
Water Utility - Reserve	143,906	-	-	143,906
Water Utility - Construction	15,966	-	-	15,966
Wastewater Utility - Operating	19,179	465,099	412,478	71,800
Wastewater Utility - Bond and Interest	-	93,600	77,578	16,022
Wastewater Utility - Depreciation	16,405	18,900	27,965	7,340
Wastewater Utility - Reserve	96,117	-	-	96,117
Fiduciary Fund:				
Payroll	19,726	139,657	142,259	17,124
Totals	<u>\$ 1,030,274</u>	<u>\$ 1,682,103</u>	<u>\$ 1,587,096</u>	<u>\$ 1,125,281</u>

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

TOWN OF CROTHERSVILLE
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, highways and streets, culture and recreation, public improvements, general administrative services, water, wastewater, and urban redevelopment and housing.

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.

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.

TOWN OF CROTHERSVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

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. 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 CROTHERSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Police vehicles	\$ 24,867	\$ 11,025
Business-type activities:		
Water Utility:		
Revenue bonds:		
Waterworks revenue bonds 1994	\$ 265,000	\$ 60,145
Waterworks revenue bonds 1996	395,000	66,791
Total business-type activities debt	\$ 660,000	\$ 126,936

TOWN OF CROTHERSVILLE
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping, were present during the period of examination:

Annual Financial Report

The Annual City and Town Financial Report (CTAR-1) for the years ending December 31, 2007, and 2008 were not filed with the State Examiner timely. The CTAR-1 for the year ending December 31, 2009 was manually prepared by the Clerk-Treasurer; however, it was not filed with the State Examiner. The CTAR-1 for the year ending December 31, 2009 was required to be prepared and filed electronically with the State Examiner.

IC-5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

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)

Monthly Reconciliations

Monthly bank reconciliations were inaccurate and did not reconcile to the record balances. The following deficiencies were noted for the December 31, 2009, bank reconciliation presented for examination:

(a) The outstanding check list included \$224.00 in checks which had actually been voided in 2008 but were never receipted back into the records.

(b) Accrued interest earned in the amount of \$13,413.53 was not included in the Town's reconciliation.

(c) The amounts reported for deposit in transit included: a \$75.00 deposit that had actually cleared the bank in July 2009, a \$6,800.39 deposit which actually was a collection that had been receipted and posted to the ledger twice, and \$665.10 in deposits that consisted of collections from the period July 2007 to August 2009 that were never deposited. A detailed schedule of these collections is presented below.

TOWN OF CROTHERSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Receipt No.	Date	Description	Amount	Fund			
				Law Enforcement Continuing Education	Water Utility-Operating	Water Utility-Customer Deposit	Wastewater Utility-Operating
5912	07-09-07	Gun permit	\$ 40.00	\$ 40.00	\$ -	\$ -	\$ -
6086	10-03-07	Reconnect fee	50.00	-	50.00	-	-
6199	12-07-07	Collection on returned check	113.88	-	103.88	-	10.00
6288	02-08-08	Sewer collection	112.61	-	-	-	112.61
6445	05-29-08	Reconnect fee	50.00	-	50.00	-	-
6602	08-29-08	Reconnect fee	100.00	-	100.00	-	-
6649	10-02-08	Water collection	17.61	-	17.61	-	-
6672	10-16-08	Accident report	3.00	3.00	-	-	-
6922	03-30-09	Reconnect fee	50.00	-	50.00	-	-
6948	04-13-09	Reconnect fee	50.00	-	50.00	-	-
6963	04-27-09	Customer deposit	75.00	-	-	75.00	-
7137	08-11-09	Accident report	3.00	3.00	-	-	-
Totals			<u>\$ 665.10</u>	<u>\$ 46.00</u>	<u>\$ 421.49</u>	<u>\$ 75.00</u>	<u>\$ 122.61</u>

NaLona R. Bush, Clerk-Treasurer, has been requested to reimburse the Law Enforcement Continuing Education Fund, Water Utility-Operating, Water Utility-Customer Deposit, and Wastewater Utility-Operating \$46.00, \$421.49, \$75.00, and \$122.61, respectively, for the collections which were never deposited. (See Summary, page 15)

After corrections for the errors identified above, the Town has \$125.97 more in its records than that in its bank account.

IC 5-13-6-1(e) states: "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)

Receipts and Timely Deposits

Receipts were not being deposited timely. There were 142 instances noted where receipts were deposited as much as 29 days after the date of collection. In addition, receipts issued during the examination period did not always indicate in what form (cash, check, etc.) funds were received.

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 CROTHERSVILLE
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)

Transaction Recording

Interest earned in the amount of \$13,413.53 from the Town's money market account had not been posted to the records.

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)

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)

Customer Deposit Register

The detailed customer deposit register for the Water Utility does not reconcile with the customer deposit amount recorded in the simplified cash 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)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient as follows:

- (1) Cash collections totaling \$10,000 were deposited into the wrong bank account during 2007 and were not corrected by the Clerk-Treasurer until June 1, 2010.
- (2) The Wastewater Utility-Operating Fund has a separate bank account. Transfers are made from the Wastewater Utility-Operating Fund to the Town funds for reimbursements and for payroll transactions. During the examination period, payroll transfers posted to the ledger from the Wastewater Utility-Operating Fund to the Town Payroll Fund totaled \$99,663.96; however, checks from the Wastewater Utility-Operating Fund bank account were not written for these transfers and, therefore, the money was never transferred into the Town's bank account. During the prior examination we noted \$234,589.98 in transfers and reimbursements in which this also occurred. As of December 31, 2009, the Wastewater Utility Operating Fund bank account held \$334,353.94 that should have been in the Town's bank account. On June 1, 2010, the Clerk-Treasurer authorized a bank transfer in the amount of \$334,353.94 from the Wastewater Utility-Operating Fund bank account.

TOWN OF CROTHERSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (3) Some claims paid during the examination period were not included on the claim dockets presented to the Town Council for approval.

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)

IC 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."

SERVICE AND TIME RECORDS

Weekly time and attendance records for the Utility Clerk did not accurately reflect the time worked. Utility office employees are required to work 36 hours per week. Office hours are M, T, Th, Fri 8:00am to 4:30pm and Wed. 8:00am to 12:00pm. During the review of time and attendance records, we noted that the Utility Clerk claimed that she worked 8 hours on each Wednesday, when actually she only worked 4 hours. The Utility Clerk was always paid a minimum of 40 hours each week. She stated that the additional 4 hours of pay she received each week was for hours she would either come in early or work late, even though the time records did not reflect what days this occurred. She stated that, for simplicity purposes, she just recorded 8 hours worked each day to avoid any potential overtime issues.

In addition to her duties as Clerk-Treasurer, Nalona R. Bush is paid an hourly rate for work performed as the Utility Office Manager. During the examination period, time and attendance records were not maintained documenting the number of hours she worked each week as the Utility Office Manager.

Time and attendance reports, properly document actual hours worked which should be maintained 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)

PERSONAL EXPENSES

During the examination period, expenses were paid by the Water Utility for beverages, snack foods, eating utensils, candles, aspirin, and antacids.

TOWN OF CROTHERSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

PENALTIES, INTEREST AND OTHER CHARGES

The following deficiencies were noted during the examination period:

State and County Withholdings

Penalties and interest totaling \$20.52 were paid to the Indiana Department of Revenue on September 9, 2009, for failure to timely remit payroll withholdings for the period December 31, 2008.

Unemployment Contributions

Penalties and interest totaling \$37.44 were paid to the Indiana Department of Workforce Development on November 8, 2008, for failure to timely remit unemployment contributions for the quarter ending September 30, 2008

Sales Tax

Sales tax remitted by the Water Utility for the period ending March 31, 2008, was calculated using a tax rate of 6% instead of 7%. As a result, the Utility underpaid sales tax for the liability period by \$282.16. Additionally, the Utility failed to remit timely the sales tax for this liability period. As of June 3, 2010, the Clerk-Treasurer has not remitted the amount of the underpayment. Additionally, as of June 3, 2010, the Clerk-Treasurer has stated that she has not received any notifications from the Indiana Department of Revenue of any assessment of penalty or interest for the underpayment or late payment.

Utility Receipts Tax

On June 26, 2007, the Clerk-Treasurer made a duplicate payment of the 1st quarter 2007 estimated utility receipts tax. In this remittance she included \$105.12 as a penalty for late filing. The 1st quarter remittance had previously been paid on April 19, 2007, by the required due date.

Penalty and interest totaling \$107.23 were paid to the Indiana Department of Revenue on June 26, 2007, for failure to remit timely estimated utility receipts tax for the 2nd quarter of 2007.

The estimated quarterly utility receipts tax for the 3rd and 4th quarter of 2007 and 1st and 4th quarter of 2008 were not remitted timely. Additionally, the Clerk-Treasurer failed to file an annual utility receipts tax return, Form URT, for the years 2007, 2008, and 2009. As of June 3, 2010, the Clerk-Treasurer has stated that she has not received any notifications from the Indiana Department of Revenue of any assessments of penalty or interest for any of these late payments or for the failure to file the annual Form URT's for the years 2007, 2008, and 2009.

TOWN OF CROTHERSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (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)

COLLECTION OF FEES FOR MOVING TRAFFIC VIOLATIONS

The Town is collecting fines for ordinance violations through an Ordinance Violations Bureau established in accordance with IC 33-36. If a citizen forgoes his or her right to a trial, the Town collects the fine. There were numerous instances where the Town collected fines for moving traffic violations through the Ordinance Violations Bureau.

IC 36-1-6-3 states:

"Sec. 3. (a) Certain ordinances may be enforced by a municipal corporation without proceeding in court through: (1) an admission of violation before the violations clerk under IC 33-36; or (2) administrative enforcement under section 9 of this chapter. (b) Except as provided in subsection (a), a proceeding to enforce an ordinance must be brought in accordance with IC 34-28-5, section 4 of this chapter, or both. (c) An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5."

CREDIT CARDS

The Town is using credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

TOWN OF CROTHERSVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the Board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

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

BREAK-INS, BURGLARIES OR OTHER CRIMES

On Tuesday April 13, 2010, a break-in occurred at the Crothersville Town Hall. Taken during the break-in were Town credit cards for Wal-Mart, Jackson Jennings Co-Op, and Marathon. Five unauthorized charges totaling \$900.15 were found to have been made on the Town's Wal-Mart credit card and four unauthorized charges totaling \$121.34 on the Town's Marathon credit card. On April 17, 2010, Brandon W. Bush, son of the Clerk-Treasurer, was charged with possession of stolen property, five counts of credit card fraud, and five counts of forgery related to the fraudulent Wal-Mart charges. A preliminary trial date of September 13, 2010, has been set for these charges. Additional charges for the unauthorized use of the Town's Marathon credit card, and for burglary and theft related to the break-in to the Town Hall, are currently pending against Mr. Bush.

Break-ins, burglaries or other crimes committed against the governmental unit should be documented by the filing of an official police report. Insurance companies should be contacted to request payment for any allowable coverage. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CROTHERSVILLE
EXIT CONFERENCE

The contents of this report were discussed on June 17, 2010, with Ardell Mitchell, President of the Town Council; and NaLona R. Bush, Clerk-Treasurer.

TOWN OF CROTHERSVILLE
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
NaLona R. Bush, Clerk-Treasurer:			
Condition of Records, pages 9 through 11	\$ 665.10	\$	\$
Paid by NaLona R. Bush, Clerk-Treasurer			
Receipt No. 7695, Deposited on June 2, 2010	_____	665.10	-
Totals	<u>\$ 665.10</u>	<u>\$ 665.10</u>	<u>\$ -</u>