

B37288

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

EXAMINATION REPORT

OF

TOWN OF WYNNEDALE

MARION COUNTY, INDIANA

January 1, 2007 to December 31, 2009



FILED
08/02/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marilyn McCombs Mary Koers	01-01-07 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	John Kincaid Judith Hall	01-01-07 to 12-31-07 01-01-08 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WYNNEDALE, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Wynnedale (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.

STATE BOARD OF ACCOUNTS

June 2, 2010

TOWN OF WYNNEDALE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL 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	\$ 18,060	\$ 23,760	\$ 7,315	\$ 34,505
Motor Vehicle Highway	19,774	10,425	17,782	12,417
Local Road and Street	8,011	4,461	3,587	8,885
	<u>45,845</u>	<u>38,646</u>	<u>28,684</u>	<u>55,807</u>
Totals	<u>\$ 45,845</u>	<u>\$ 38,646</u>	<u>\$ 28,684</u>	<u>\$ 55,807</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 34,505	\$ 18,907	\$ 9,319	\$ 44,093
Motor Vehicle Highway	12,417	7,963	3,100	17,280
Local Road and Street	8,885	4,201	-	13,086
	<u>55,807</u>	<u>31,071</u>	<u>12,419</u>	<u>74,459</u>
Totals	<u>\$ 55,807</u>	<u>\$ 31,071</u>	<u>\$ 12,419</u>	<u>\$ 74,459</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 44,093	\$ 18,447	\$ 25,136	\$ 37,404
Motor Vehicle Highway	17,280	7,669	22,302	2,647
Local Road and Street	13,086	34,072	43,970	3,188
	<u>74,459</u>	<u>60,188</u>	<u>91,408</u>	<u>43,239</u>
Totals	<u>\$ 74,459</u>	<u>\$ 60,188</u>	<u>\$ 91,408</u>	<u>\$ 43,239</u>

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

TOWN OF WYNNEDALE
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, 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).

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 WYNNEDALE
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bonds for the prior clerk treasurer and current clerk treasurer were not filed in the Office of the County Recorder. Additionally, the amount of coverage was not increased as required by legislation which became effective on July 1, 2009.

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

PRESCRIBED FORM

The Town did not always use the prescribed form - Clerk-Treasurer's Receipt (Town Form No. 217). A similar comment appeared in prior Report B30087.

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)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. Outstanding items were not taken into consideration on the Treasurer's Monthly Reports. Additionally, the bank balances were not compared to the ledger balance to ensure reconciliation. A similar comment appeared in prior Report B30087.

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."

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)

ERRORS ON CLAIMS

As previously reported in Report B30087, the following deficiencies were noted on claims during the audit period:

- (1) Claims were not adequately itemized.
- (2) All claims did not have board approval.
- (3) Claims or invoices did not have evidence to support receipt of goods or services.

TOWN OF WYNNEDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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;
- (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 examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Local Road and Street	2009	<u>\$ 39,970</u>

A similar comment appeared in prior Report B30087.

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."

COMPENSATION AND BENEFITS

Marilyn McCombs, former Clerk-Treasurer, received monthly payments of \$100 during 2007, totaling \$1,100, and Mary Koers, Clerk-Treasurer, received \$100 per month for 2008 and 2009, totaling \$1,200 each year. These payments were not included in the payroll system or in the salary ordinance. These payments were paid with claim vouchers and IRS forms 1099 were issued for the compensation at the end of each year.

TOWN OF WYNNEDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

DONATIONS

In September 2008, a \$200 payment was made to the Mennonite Church. Documentation presented for examination indicated that the payment was a donation for use of the room for a budget hearing. Donations to any organization are not an approved expenditure for governmental units.

Governmental funds should not be donated or given to organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CHRISTMAS PARTY REIMBURSEMENTS

During the course of our examination, we identified several inappropriate expenses paid from Town funds. Each December the Town holds a December meeting and furnishes a Christmas dinner. The Christmas dinners were paid for by John Kincaid, former Town Board member, and then reimbursed by the Town's General Fund. The following reimbursements for Christmas dinners were paid to John Kincaid from January 1, 2007 to January 13, 2010.

Date	Check Number	Amount
January 24, 2007	666	\$ 257.17
January 10, 2008	796	270.60
December 16, 2008	869	321.18
January 13, 2010	944	464.40
Total Christmas Dinner Reimbursements		\$ 1,313.35

Two of the four payments lacked adequate documentation to ensure what was purchased for the Christmas dinners. Documentation was provided for the reimbursements made in January 2007 and December 2008. The reimbursement in January 2007 indicated \$57.85 was reimbursed for alcohol purchases.

We have requested John Kincaid, former Town Board member, to reimburse \$1,313.35 in inappropriate reimbursements to the Town of Wynnedale. (See Summary, page 11)

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)

Purchases of alcoholic beverages 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 WYNNEDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

GIFT CERTIFICATES PROVIDED

In 2008, funds were disbursed from the General Fund for the purchase of two \$100 gift certificates for outgoing Town officials, as a thank you for their dedicated service to the Town. The following officials received these gift certificates:

<u>Name</u>	<u>Position</u>	<u>Gift Certificate Amount</u>
Marilyn McCombs	Former Clerk-Treasurer	\$ 100
John Kincaid	Former Town Board member	100

We have requested Marilyn McCombs, former Clerk-Treasurer, and John Kincaid, former Town Board member, to reimburse \$100 each in inappropriate compensation to the Town of Wynnedale. (See Summary, page 11)

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)

TOWN OF WYNNEDALE
EXIT CONFERENCE

The contents of this report were discussed on May 17, 2009, with Mary Koers, Clerk-Treasurer; Judith Hall, President of the Town Council; Michael Owens, Town Council member; and Frederick Hohlt, Town Council member.

Separate Exit Conferences were scheduled with Dr. John Kincaid, former President of the Town Council, and Marilyn McCombs, former Clerk-Treasurer. The contents of this report were discussed with Dr. John Kincaid on May 17, 2010. Marilyn McCombs was notified via certified mail and the contents of this report were discussed with her over the telephone on June 2, 2010.

TOWN OF WYNNEDALE
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
John Kincaid, former Town Board member:			
Christmas Party Reimbursements, page 8	\$ 1,313.15	\$	\$
Reimbursement deposited June 21, 2010		1,313.15	
Gift Certificates Provided, page 9	100.00		
Reimbursement deposited June 21, 2010		100.00	
Marilyn McCombs, former Clerk-Treasurer:			
Gift Certificates Provided, page 9	100.00		
Reimbursement deposited June 21, 2010	<u> </u>	<u>100.00</u>	<u> </u> -
Totals	<u>\$ 1,513.15</u>	<u>\$ 1,513.15</u>	<u>\$ </u> -