

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

EXAMINATION REPORT
OF
TOWN OF NEW CHICAGO
LAKE COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/14/2011

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	4-5
Notes to Financial Information	6-8
Supplementary Information:	
Schedule of Long-Term Debt	9
Examination Results and Comments:	
Investments	10
Bank Reconcilements	10
Customer Deposits	10-11
Official Bonds.....	11
Infraction Deferral Program	11-13
Building Permits.....	13
Appropriations.....	13
Capital Asset Records	14
Exit Conference.....	15
Official Response	16

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lori Reno	03-10-07 to 12-31-11
President of the Town Council	Roger Pelfrey	01-01-08 to 12-31-08
	Dennis Bastin	01-01-09 to 10-29-09
	Roger Pelfrey	10-30-09 to 12-25-09
	Wallace Peters	12-30-09 to 12-31-10
Superintendent of Utilities	Esta A. Barber	01-01-08 to 12-31-11



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 NEW CHICAGO, LAKE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of New Chicago (Town), for the period of January 1, 2008 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, 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, are presented for additional analysis and is not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 8, 2011

TOWN OF NEW CHICAGO
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 16,556	\$ 842,900	\$ 762,160	\$ 97,296
Motor Vehicle Highway	46,875	58,320	52,363	52,832
Local Road and Street	3,672	24,823	22,242	6,253
Park and Recreation	3,068	35,102	21,761	16,409
Law Enforcement Continuing Education	3,358	3,573	1,188	5,743
Indiana Gaming Revenue	15,348	27,601	14,903	28,046
Police Donation	2,417	-	-	2,417
Fire Donation	-	2,070	-	2,070
Deferred Prosecution	25,635	54,000	54,885	24,750
Drug Task Force	-	212	212	-
Court Costs	2,804	-	-	2,804
Sanitation	4,889	70,477	60,283	15,083
Recycling	50	13,670	13,709	11
Police Towing	2,785	6,270	2,746	6,309
Cops/UHP	1,118	32,700	32,163	1,655
Economic Development	3,448	4,804	432	7,820
Cumulative Capital Improvement	19,018	6,709	1,859	23,868
Cumulative Building and Fire Fighting Equipment	6,538	1,745	3,084	5,199
Local Major Moves Construction	57	-	-	57
Proprietary Funds:	-	-	-	-
Water Utility - Operating	312,745	1,165,853	1,288,231	190,367
Water Utility - Depreciation	115,154	102,216	81,134	136,236
Water Utility - Customer Deposit	107,235	47,623	55,463	99,395
Water Utility - Cash Reserve	-	10,000	10,000	-
Wastewater Utility - Operating	17,194	249,154	227,825	38,523
Wastewater Utility - Depreciation	91,627	50,600	1,516	140,711
Wastewater Utility - Sinking	87,647	99,400	87,505	99,542
Fiduciary Funds:	-	-	-	-
Park Deposits	675	930	765	840
Police Officers' Pension	14,884	-	-	14,884
Payroll	2,656	553,218	553,191	2,683
Totals	<u>\$ 907,453</u>	<u>\$ 3,463,970</u>	<u>\$ 3,349,620</u>	<u>\$ 1,021,803</u>

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

TOWN OF NEW CHICAGO
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, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 97,296	\$ 512,042	\$ 561,467	\$ 47,871
Motor Vehicle Highway	52,832	57,218	59,237	50,813
Local Road and Street	6,253	23,134	11,334	18,053
Park and Recreation	16,409	20,319	26,659	10,069
Law Enforcement Continuing Education	5,743	5,469	2,194	9,018
Indiana Gaming Revenue	28,046	28,269	25,050	31,265
Police Donation	2,417	-	-	2,417
Fire Donation	2,070	1,215	1,731	1,554
Park Donation	-	375	138	237
Deferred Prosecution	24,750	38,575	47,637	15,688
Drug Task Force	-	1,111	1,111	-
Court Costs	2,804	-	-	2,804
Sanitation	15,083	88,715	84,392	19,406
Recycling	11	13,670	6,845	6,836
Police Towing	6,309	6,165	2,441	10,033
Cops/UHP	1,655	3,357	5,012	-
Economic Development	7,820	4,773	2,451	10,142
Cumulative Capital Improvement	23,868	6,326	2,195	27,999
Cumulative Building and Fire Fighting Equipment	5,199	250	1,445	4,004
Local Major Moves Construction	57	-	-	57
Proprietary Funds:				
Water Utility - Operating	190,367	1,113,554	1,095,234	208,687
Water Utility - Depreciation	136,236	66,613	53,565	149,284
Water Utility - Customer Deposit	99,395	35,965	34,540	100,820
Water Utility - Cash Reserve	-	31,127	14,983	16,144
Wastewater Utility - Operating	38,523	233,196	257,519	14,200
Wastewater Utility - Depreciation	140,711	954	65,105	76,560
Wastewater Utility - Sinking	99,542	85,200	146,794	37,948
Fiduciary Funds:				
Park Deposits	840	1,050	800	1,090
Police Officers' Pension	14,884	-	-	14,884
Payroll	2,683	562,752	561,950	3,485
Totals	<u>\$ 1,021,803</u>	<u>\$ 2,941,394</u>	<u>\$ 3,071,829</u>	<u>\$ 891,368</u>

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

TOWN OF NEW CHICAGO
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, health and social services, 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.

Property taxes have not been billed or collected timely each year since 2004. The final settlement of the 2006 taxes payable in 2007 was distributed to the various governmental entities on March 2008. The final settlement of the 2007 taxes payable in 2008 was distributed on March 2009. The final settlement of 2008 taxes payable in 2009 was not received by the governmental entities until January 2010.

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 NEW CHICAGO
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.

Note 7 Long-Term Debt

The Utilities issued Sewage Works Refunding Revenue Bonds of 2003 (formerly Sewage Works Revenue Bonds of 1990) to be paid by income derived from the acquired or constructed assets. The outstanding principal balance at December 31, 2009, was \$602,000.

Note 8 Subsequent Events

Circuit Breaker Tax Credit

In 2008, the Indiana General Assembly passed House Enrolled Act 1001 (HEA 1001) which provides a property tax credit (the Circuit Breaker Tax Credit) when the taxes on any property exceed a certain percentage of the property's assessed value. The credit is phased in over two years. For taxes payable in 2010, the applicable percentages for homestead (owner-occupied) residential property, other residential property, and commercial/industrial property are 1%, 2%, and 3%, respectively. The Circuit Breaker Tax Credit will result in a reduction of property tax collections for each political subdivision in which the Circuit Breaker Tax Credit is applied. A political subdivision may not increase its property tax levy or borrow funds to offset the effects of the Circuit Breaker Tax Credit.

TOWN OF NEW CHICAGO
NOTES TO FINANCIAL INFORMATION
(Continued)

The Indiana Department of Local Government Finance (IDLGF) has taken an administrative position that existing law requires taxing units to fully fund any levies for the payment of outstanding debt service or lease rental obligations regardless of any reduction in property tax collections due to the application of the Circuit Breaker Tax Credit. The IDLGF's position is that property taxes collected by a political subdivision must first be applied to pay debt service or lease rental obligations on all outstanding bonds or lease rental revenue bonds. If property tax collections are insufficient to fully fund debt service requirements due to the Circuit Breaker Tax Credit, the IDLGF has indicated the taxing units must use non property tax revenues or revenues from property tax levies for other funds (including operating) to offset revenue loss to the debt service fund.

Temporary Inter Fund Loans

Due to property taxes not being billed or collected timely by Lake County, the Town Council authorized a temporary inter fund loan in 2010. As of February 7, 2011, there is an unpaid loan balance of \$160,000 owed to the Water Operating and Maintenance fund from the General Fund.

TOWN OF NEW CHICAGO
 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
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Refunding Revenue Bonds of 2003	\$ <u>602,000</u>	\$ <u>87,963</u>

TOWN OF NEW CHICAGO
EXAMINATION RESULTS AND COMMENTS

INVESTMENTS

In some instances, interest earned on investments was automatically added to the principal and not recorded in the records. In addition, Form 350 the register of Investments was not properly maintained. Investments were not always recorded at cost, but at cost plus the interest earned at maturity.

The Investments included in the Town's Annual Report, were overstated. A Certificate of Deposit (CD) of \$18,178.59 was listed on the Annual Report as an investment at year end when in fact the CD had matured in 2009 and the funds were used to purchase a new CD. The new CD was also listed as an investment on hand at December 31, 2009.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK RECONCILEMENTS

Record balances were not reconciled to depository balances during the two year period. As of December 31, 2009, the reconciled bank balance exceeds the ledger balance by \$263.96. As of December 31, 2010, the reconciled bank balance exceeds the ledger balance by \$1,465.66. There has been no attempt to identify the differences.

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)

CUSTOMER DEPOSITS

As stated in the previous reports, the detailed customer deposit registers do not reconcile with the customer deposit amount recorded on the ledger. The total customer deposits recorded in the customer deposit register was \$129,164.83 and the cash and investment balance of the customer deposit fund was \$120,822.20 at December 31, 2009. The customer deposit books date back to 1954 and have not been in agreement with the fund balance since before any of the present staff began working for the Town. The clerks have been unsuccessful in their attempts to balance the customer deposit register to the ledger.

TOWN OF NEW CHICAGO
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

OFFICIAL BONDS

The Clerk-Treasurer's official bond coverage for 2009 and 2010 was \$15,000. Effective July 1, 2009, the minimum amount of the official bond coverage for the city controllers, city and town clerk-treasurers, and Barrett Law Fund custodians was raised from \$15,000 to \$30,000. The official bonds for the police chief, the police commissioner, and the water manager were all set at \$5,000 for 2009 and 2010. Per IC 5-4-1-18(c), effective July 1, 2009, the minimum bond increased to \$15,000.

Furthermore, not all bonds were properly recorded with the county recorder in 2010.

IC 5-4-1-18(c) states in part:

"The fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee. The amount of annual coverage of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

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 . . ."

INFRACTION DEFERRAL PROGRAM

The Police Chief indicated that the Town of New Chicago operates a Traffic Violations Bureau in which he acts as the Violations Clerk. Only infraction deferral program fees are collected by the Traffic Violations Bureau.

Upon issuance of a ticket, the Police Chief gives the violator the option to participate in the infraction deferral program, or proceed to court. If the violator chooses to participate in the infraction deferral program, he or she signs an agreement to participate. The cost for the program is \$167 and the fee is collected at the New Chicago Police Station (money orders only). Receipts are not issued to the violator; instead, a copy of his or her signed agreement serves as the receipt. The Police Chief keeps a log of the money collected, the tickets, and the agreements signed by the violators. The money that is collected is

TOWN OF NEW CHICAGO
EXAMINATION RESULTS AND COMMENTS
(Continued)

taken to the Lake County Auditor by the Police Chief. The Lake County Auditor gives the Police Chief an interim receipt, and the Police Chief completes a claim form for the Town's portion of the fees. The County keeps \$72, and the Town of New Chicago gets a user fee of \$95. Half of the \$95 is received into the General Fund, and half is received to an Infraction Deferral Program (IDP) fund.

IC 34-28-5-7 states: "Any court may establish a traffic violations bureau and appoint a violations clerk who shall serve under the direction and control of the court."

IC 34-28-5-8 states in part: "The violations clerk or deputy violations clerk shall:

(1) accept: . . .

(E) payments of judgments (including costs) in traffic violation cases;

(F) deferral agreements made under section 1(f) of this chapter (or IC 34-4-32-1(f) before its repeal) and deferral program fees prescribed under IC 33-37-4-2(e); and . . .

(2) issue receipts and account for any judgments (including costs) collected; and

(3) pay the judgments (including costs) collected to the appropriate unit of government as provided by law.

IC 34-28-5-1(f) states:

"This subsection does not apply to an offense or violation under IC 9-24-6 involving the operation of a commercial motor vehicle. The prosecuting attorney or the attorney for a municipal corporation may establish a deferral program for deferring actions brought under this section. Actions may be deferred under this section if:

(1) the defendant in the action agrees to conditions of a deferral program offered by the prosecuting attorney or the attorney for a municipal corporation;

(2) the defendant in the action agrees to pay to the clerk of the court an initial user's fee and monthly user's fee set by the prosecuting attorney or the attorney for the municipal corporation in accordance with IC 33-37-4-2(e);

(3) the terms of the agreement are recorded in an instrument signed by the defendant and the prosecuting attorney or the attorney for the municipal corporation;

(4) the defendant in the action agrees to pay a fee of seventy dollars (\$70) to the clerk of court if the action involves a moving traffic offense (as defined in IC 9-13-2-110);

(5) the agreement is filed in the court in which the action is brought; and

(6) if the deferral program is offered by the prosecuting attorney, the prosecuting attorney electronically transmits information required by the prosecuting attorneys council concerning the withheld prosecution to the prosecuting attorneys council, in a manner and format designated by the prosecuting attorneys council.

TOWN OF NEW CHICAGO
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

Certain ordinances may be enforced by a City or Town without proceeding in court through:

- (1) an admission of violation before the violations clerk of an ordinance violations bureau under Indiana under Indiana Code 33-6-3; or
- (2) administrative enforcement under Indiana Code 36-1-6-9.

An ordinance defining a moving traffic violation may not be enforced under IC 33-6-3 and must be enforced in accordance with IC 34-28-5 which requires such cases to be heard in any circuit, superior, county, city, or town court or traffic violations bureau designated by these courts (IC 36-1-6-3). (Cities and Towns Bulletin and Uniform Compliance Guidelines, March, 2002, Page 1)

BUILDING PERMITS

The Building Inspector, at his discretion, waived building permit fees for some individuals. The Towns' current building code fees were adopted in Resolution 2001-01. This resolution does not authorize the waiving of any fees.

In addition, the building inspector had made mathematical errors in calculating the fees on seventy percent of the building permits we examined. We could not determine the amount of loss revenue to the Town.

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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2008	\$ 14,872
General	2009	17,336

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."

TOWN OF NEW CHICAGO
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

The Town of New Chicago does not maintain sufficient detailed records of capital assets. The capital asset records for the Water Department did not reflect the acquisition value of the assets purchased. The records only included a description of the asset.

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. 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 NEW CHICAGO
EXIT CONFERENCE

The contents of this report were discussed on February 22, 2011, with Lori Reno, Clerk-Treasurer; Wallace Peters, President of the Town Council; and Esta A. Barber, Superintendent of the Utilities. The official response has been made a part of this report and may be found on page 16.



TOWN of NEW CHICAGO

122 HUBER BLVD

HOBART, IN. 46342-1310

219-962-1157 FAX 219-962-5386

March 3, 2011

From: Lori L. Reno
Town of New Chicago Clerk-Treasurer

To: State Board of Accounts

RE: 2008-2009 Audit Results and Comments

Official Bonds: I contacted our agent and had this matter corrected. Also I had the bonds properly recorded that were previously recorded in error.

Capital Asset Records: The water manager has been instructed that from now on anytime she enters anything into the ledger she is to include a total.

Investments: All facilities that currently hold our certificates of deposit have been informed that we are to receive interest payments at the time of maturity.

Infraction Deferral Program: I directed this comment to the Police Chief and asked him to respond and to date have not received a response from the Chief of Police. As the clerk-treasurer, I plan to establish a separate fund for the Infraction Deferral Program. I am instructing the radio operators to issue a receipt for any monies that are collected for the IDP program and deposit said funds in the safe. A phone call was made to the County Clerk's office and we are waiting on a response to give us proper procedure for issuance of the check.

Building Permits: These errors occurred under the previous Building Inspector who serving during this audit period. He was questioned by the auditor and was unsure how these errors happened.

Appropriations: Shortages occurred due to the fact that the Department of Local Government Finance not getting the certified budgets out until June and October. When the 1782 Notices were received late, as a new clerk-treasurer I didn't make the necessary changes in the appropriations. Now I realize that I have to make those corrections both in the computer and the ledger and have since corrected this issue.

Bank Reconcilements: I am unsure of how the error occurred. I have repeatedly tried to find the errors and to date have to been able to locate them. I am still attempting to locate the discrepancies.