

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF WINGATE

MONTGOMERY COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
05/15/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Quintana Jo Northcutt	01-01-09 to 10-18-10
	Sandra Mycroft	11-17-10 to 12-31-11
	Debora K. Switzer	01-01-12 to 12-31-15
President of the Town Council	Tom Northcutt	01-01-09 to 12-31-09
	Doug Slavens	01-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WINGATE, MONTGOMERY COUNTY, INDIANA

We were engaged to examine the accompanying financial statements of the Town of Wingate (Town), for the years ended December 31, 2009 and 2010. The financial statements are the responsibility of the Town's management.

The Town did not properly maintain accounting records. The Town's records do not permit the application of other examination procedures to ascertain if the financial statements are fairly stated.

Since the Town did not properly maintain accounting records and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statements are fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 5, 2012

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF WINGATE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 21,620	\$ 91,278	\$ 92,624	\$ 20,274
Motor Vehicle Highway	3,530	7,349	-	10,879
Local Road And Street	882	1,223	-	2,105
Riverboat	-	1,871	-	1,871
Sanitation	-	13,732	12,721	1,011
Wastewater Utility-Operating	7,613	32,672	37,773	2,512
Water Utility-Operating	4,524	35,262	50,573	(10,787)
Water Utility-Meter Deposit	5,954	-	125	5,829
Totals	<u>\$ 44,123</u>	<u>\$ 183,387</u>	<u>\$ 193,816</u>	<u>\$ 33,694</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WINGATE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 20,274	\$ 80,251	\$ 89,230	\$ 11,295
Motor Vehicle Highway	10,879	11,064	28,689	(6,746)
Local Road And Street	2,105	1,334	-	3,439
Riverboat	1,871	1,871	-	3,742
Sanitation	1,011	11,976	8,211	4,776
Wastewater Utility-Operating	2,512	33,661	35,321	852
Water Utility-Operating	(10,787)	20,719	35,896	(25,964)
Water Utility-Meter Deposit	5,829	1,125	225	6,729
Totals	<u>\$ 33,694</u>	<u>\$ 162,001</u>	<u>\$ 197,572</u>	<u>\$ (1,877)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WINGATE
NOTES TO FINANCIAL INFORMATION

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, trash, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Special assessments which include amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of license and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF WINGATE
NOTES TO FINANCIAL INFORMATION
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which includes receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Net proceeds from borrowings which includes receipts from general obligation bonds, notes, and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution, or court order to be transferred in from another fund.

Utility receipts which are comprised mostly of charges for current services.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services which include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

TOWN OF WINGATE
NOTES TO FINANCIAL INFORMATION
(Continued)

Other services and charges which include, but is not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principle and interest which includes fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which includes all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Interfund loan payments and loans made which include amounts that are owed to a particular fund by another fund.

Transfers out which include funds authorized by statute, ordinance, resolution, or court order to be transferred to another fund.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

TOWN OF WINGATE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

Note 6. Subsequent Events

The Town received a \$1,000,000 grant award from the Office of Community and Rural Affairs Disaster Recovery Fund of the State Community Development Block Grant program. The grant is to be used for a Water/Wastewater project that will include the following activities: treatment plant upgrades, lift station upgrades, well house upgrades, and distribution system upgrades.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Financial Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF WINGATE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Sanitation	Wastewater Utility-Operating	Water Utility-Operating	Water Utility-Meter Deposit	Totals
Cash and investments - beginning	\$ 21,620	\$ 3,530	\$ 882	\$ -	\$ -	\$ 7,613	\$ 4,524	\$ 5,954	\$ 44,123
Receipts:									
Taxes	54,983	-	-	-	-	-	-	-	54,983
Intergovernmental	16,708	7,349	1,223	1,871	-	-	-	-	27,151
Utility fees	-	-	-	-	13,732	31,278	31,278	-	76,288
Other receipts	19,587	-	-	-	-	1,394	3,984	-	24,965
Total receipts	91,278	7,349	1,223	1,871	13,732	32,672	35,262	-	183,387
Disbursements:									
Personal services	66,639	-	-	-	-	-	-	-	66,639
Supplies	9,923	-	-	-	-	-	-	-	9,923
Other services and charges	14,595	-	-	-	-	-	-	-	14,595
Capital outlay	1,396	-	-	-	-	9,830	-	-	11,226
Utility operating expenses	-	-	-	-	12,721	26,552	45,680	125	85,078
Other disbursements	71	-	-	-	-	1,391	4,893	-	6,355
Total disbursements	92,624	-	-	-	12,721	37,773	50,573	125	193,816
Excess (deficiency) of receipts over disbursements	(1,346)	7,349	1,223	1,871	1,011	(5,101)	(15,311)	(125)	(10,429)
Cash and investments - ending	\$ 20,274	\$ 10,879	\$ 2,105	\$ 1,871	\$ 1,011	\$ 2,512	\$ (10,787)	\$ 5,829	\$ 33,694

TOWN OF WINGATE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Sanitation	Wastewater Utility-Operating	Water Utility-Operating	Water Utility-Meter Deposit	Totals
Cash and investments - beginning	\$ 20,274	\$ 10,879	\$ 2,105	\$ 1,871	\$ 1,011	\$ 2,512	\$ (10,787)	\$ 5,829	\$ 33,694
Receipts:									
Taxes	53,715	-	-	-	-	-	-	-	53,715
Intergovernmental	26,460	11,064	1,334	1,871	-	-	-	-	40,729
Utility fees	-	-	-	-	11,976	33,661	20,719	1,125	67,481
Other receipts	76	-	-	-	-	-	-	-	76
Total receipts	<u>80,251</u>	<u>11,064</u>	<u>1,334</u>	<u>1,871</u>	<u>11,976</u>	<u>33,661</u>	<u>20,719</u>	<u>1,125</u>	<u>162,001</u>
Disbursements:									
Personal services	70,196	13,287	-	-	-	-	-	-	83,483
Supplies	3,200	-	-	-	-	-	-	-	3,200
Other services and charges	10,372	15,402	-	-	-	-	-	-	25,774
Capital outlay	5,462	-	-	-	-	6,083	2,087	-	13,632
Utility operating expenses	-	-	-	-	8,211	28,493	30,349	225	67,278
Other disbursements	-	-	-	-	-	745	3,460	-	4,205
Total disbursements	<u>89,230</u>	<u>28,689</u>	<u>-</u>	<u>-</u>	<u>8,211</u>	<u>35,321</u>	<u>35,896</u>	<u>225</u>	<u>197,572</u>
Excess (deficiency) of receipts over disbursements	<u>(8,979)</u>	<u>(17,625)</u>	<u>1,334</u>	<u>1,871</u>	<u>3,765</u>	<u>(1,660)</u>	<u>(15,177)</u>	<u>900</u>	<u>(35,571)</u>
Cash and investments - ending	<u>\$ 11,295</u>	<u>\$ (6,746)</u>	<u>\$ 3,439</u>	<u>\$ 3,742</u>	<u>\$ 4,776</u>	<u>\$ 852</u>	<u>\$ (25,964)</u>	<u>\$ 6,729</u>	<u>\$ (1,877)</u>

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

In some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until three months after the invoice dates.

Penalties and interest totaling \$3,796.27 were charged and paid to the Internal Revenue Service for the period January 2009 through December 2010. The charges to the Town of Wingate by the Internal Revenue service were the result of late filings of quarterly 941 Employers Tax Returns and late deposits of payroll taxes. Penalties and interest totaling \$253.72 were charged by the Indiana Department of Revenue for the period January 2009 through December 2010. These charges were the result of late filings of monthly sales tax returns and late remittances of sales tax collected by the Town of Wingate. Penalties and interest totaling \$304.01 were charged by the Indiana Department of Revenue for the period January 2009 through December 2010. These charges were the result of late filings of quarterly state and county tax returns and late remittances of state and county tax withheld. Penalties and interest totaling \$119.86 were charged by the Indiana Department of Revenue for the period January 2009 through December 2010. These charges were the result of late filings of utility receipts tax returns and late remittances of utility receipts tax. The total penalties and interest charged to the Town of Wingate for the period January 2009 through December 2010 was \$4,473.86.

Quintana Jo Northcutt, former Clerk-Treasurer, was asked to repay the charges of penalties, interest, and other charges from the current examination for a total of \$4,473.86. (See Summary of Charges, page 23)

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)

CAPITAL ASSET RECORDS

The Town Council has not established a capital assets policy. The Clerk-Treasurer has not maintained the prescribed capital assets ledger, Form 211.

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 WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CERTIFIED REPORT NOT FILED

As stated in the prior Examination Report B37185, the Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2009 and 2010.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

DEPOSITS

As stated in the prior Examination Report B37185, in numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

RECEIPT ISSUANCE

As stated in the prior Examination Report B37185, receipts were not issued for state and local distributions.

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)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

Form 206, Clerk-Treasurer's Monthly Financial, Depository Statement and Cash Reconciliation
Form 219, Clerk-Treasurer's Warrant

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)

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

As stated in the prior Examination Report B37185, financial records presented for audit were incomplete and not reflective of the activity of the Town, Water Utility, and Wastewater Utility. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

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)

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)

COMPUTER OUTPUT

As stated in the prior Examination Report B37185, access to records and information generated by the computer system was limited due to failure of the Clerk-Treasurer to print out and maintain the monthly billing reports, penalty reports, and the daily cash collection reports.

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-15-6-3(d) states:

"No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsection (e)."

BANK ACCOUNT RECONCILIATIONS

As stated in the prior Examination Report B37185, depository reconciliations of the fund balances to the bank account balances were not presented for examination.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 stated in the prior Examination Report B37185, many claims were not prepared and submitted to the Town Council for approval. The Town Council minutes submitted for examination did not indicate approval of the checks written.

Indiana Code 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."

SUPPORTING DOCUMENTATION

As stated in the prior Examination Report B37185, several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

Due to the condition of the records we were unable to verify the Town's compliance with the approved budgets.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

COMPENSATION AND BENEFITS

We were presented no evidence that the Town Council has passed salary ordinances for 2009 and 2010. Therefore, we were unable to verify that payments to officials and employees were correct.

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)

UTILITY PENALTIES

As stated in the prior Examination Report B37185, instances were noted where penalties were not assessed to customer accounts' paid after the due date.

The Town's ordinance 2005-01 states in part: "All bills for water service not paid by the fifteenth of the month shall be subject to a late charge of 10% of the total water bill."

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)

UTILITY RECEIPTS TAX

The Water Utility did not make the quarterly estimated Utility Receipts Tax payments required to be paid to the Indiana Department of Revenue.

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)

TOWN OF WINGATE
EXAMINATION RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND

The following official bonds were on hand but were not filed in the Office of the County Recorder:

Principal: Quintana Jo Northcutt, Clerk-Treasurer
Surety: Fidelity & Deposit Company of Maryland
Bond Number: POB751130605
Amount: \$50,000
Term: For the term beginning January 1, 2009

Principal: Quintana Jo Northcutt, Clerk-Treasurer
Surety: Fidelity & Deposit Company of Maryland
Bond Number: POB751130605
Amount: \$50,000
Term: For the term beginning January 1, 2010

Indiana Code 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. . . ."

OVERDRAWN FUND BALANCES

The Water Utility Operating Fund was overdrawn at December 31, 2009. The Water Utility Operating Fund and the Motor Vehicle Highway Fund were overdrawn at December 31, 2010.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINANCIAL REPORT OPINION MODIFICATIONS

Bank reconciliations and supporting documentation for ledger entries were not presented for examination. Therefore, the State Board of Accounts was unable to provide an unqualified opinion on the Independent Accountant's Report for the financial statements.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WINGATE
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2012, with Debora K. Switzer, Clerk-Treasurer, and Doug Slavens, President of the Town Council.

Quintana Jo Northcutt, former Clerk-Treasurer, was invited to attend the exit conference. Quintana Jo Northcutt's Attorney communicated her decision to not attend the exit conference.

TOWN OF WINGATE
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Quintana Jo Northcutt, former Clerk-Treasurer: Penalties, Interest, and Other Charges, page 16	<u>\$ 4,473.86</u>	<u>\$ -</u>	<u>\$ 4,473.86</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT

STATE OF INDIANA)
)
Montgomery COUNTY)

I, Timothy J. Clary, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Wingate, Montgomery County, Indiana, for the period from January 1, 2009 to December 31, 2010, is true and correct to the best of my knowledge and belief.

Timothy J. Clary
Field Examiner

Subscribed and sworn to before me this 26th day of APRIL, 2012

Jennifer Beutler
Clerk of the Circuit Court

