

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF SHIRLEY

HANCOCK COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
11/28/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marla J. Kemerly	01-01-08 to 12-31-15
President of the Town Council	A. Kyle Austin	01-01-10 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SHIRLEY, HANCOCK COUNTY, INDIANA

We were engaged to examine the accompanying financial statements of the Town of Shirley (Town), for the years ended December 31, 2010 and 2011. 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 these financial statements.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Leases and Debt, 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 and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

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

September 27, 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 SHIRLEY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 189,434	\$ 396,183	\$ 468,572	\$ 117,045
Motor Vehicle Highway	101,352	42,406	45,783	97,975
Local Road And Street	58,253	10,385	-	68,638
Law Enforcement Continuing Ed	3,679	1,564	3,876	1,367
Riverboat	35,516	5,044	-	40,560
Rainy Day	17,696	11,472	-	29,168
Levy Excess	-	697	-	697
Canine	1,655	7,436	8,697	394
Ccdf	37,238	3,143	17,308	23,073
Cci	-	2,360	2,360	-
Housing Grant	-	125,000	125,000	-
OCRA Grant	-	307,228	307,228	-
Payroll	11,376	227,165	214,576	23,965
Wastewater Utility Operating	31,385	181,531	192,037	20,879
Waste Water Bond And Interest	7,609	-	-	7,609
Wastewater Utility Deprec/Improve	64,737	6,678	2,812	68,603
Waste Water Lagoon	128,570	7,889	6,897	129,562
Wastewater Utility Improvement	51,790	1,323	1,750	51,363
Wastewater Debt Service Srf	211,787	64,497	29,897	246,387
Wastewater Utility Debt Service	27,078	-	-	27,078
Wastewater SRF	-	49,295	49,295	-
Water Utility Operating	17,432	82,560	94,813	5,179
Water Utility Depreciation/Improve	55,506	13,548	6,665	62,389
Water Meter Deposit	21,300	1,650	771	22,179
Water Utility Reserve	6,400	-	-	6,400
Totals	<u>\$ 1,079,793</u>	<u>\$ 1,549,054</u>	<u>\$ 1,578,337</u>	<u>\$ 1,050,510</u>

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

TOWN OF SHIRLEY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 117,045	\$ 406,479	\$ 466,752	\$ 56,772
Motor Vehicle Highway	97,975	42,678	71,931	68,722
Local Road And Street	68,638	10,153	30,000	48,791
Law Enforcement Continuing Ed	1,367	1,312	600	2,079
Riverboat	40,560	5,044	-	45,604
Rainy Day	29,168	-	20,000	9,168
Levy Excess	697	-	-	697
Ccdf	23,073	2,552	11,325	14,300
Cci	-	5,229	5,229	-
Canine	394	4,411	2,858	1,947
OCRA Grant	-	44,678	44,678	-
Payroll	23,965	215,963	209,462	30,466
Wastewater Utility Operating	20,878	161,197	178,789	3,286
Waste Water Bond And Interest	7,609	-	-	7,609
Wastewater Utility Deprec/Improve	68,603	4,731	31,415	41,919
Waste Water Lagoon	129,562	5,738	3,078	132,222
Wastewater Utility Improvement	51,363	572	3,450	48,485
Wastewater Debt Service Srf	246,387	42,971	32,738	256,620
Wastewater Utility Debt Service	27,078	-	-	27,078
Wastewater SRF	-	90,745	90,745	-
Water Utility Operating	5,179	76,790	71,166	10,803
Water Utility Bond And Interest	21,300	-	-	21,300
Water Utility Depreciation/Improve	62,389	7,903	16,396	53,896
Water Metr Deposit	22,179	1,820	806	23,193
Water Utility Reserve	6,400	-	-	6,400
Totals	<u>\$ 1,071,809</u>	<u>\$ 1,130,966</u>	<u>\$ 1,291,418</u>	<u>\$ 911,357</u>

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

TOWN OF SHIRLEY  
NOTES TO FINANCIAL STATEMENTS

**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, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

*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 include 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.

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 licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

TOWN OF SHIRLEY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 include 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).

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

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services 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.

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

Debt service principal and interest which include 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 include 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.

TOWN OF SHIRLEY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*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.

**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.

TOWN OF SHIRLEY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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 should be 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 statutes authorize 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. *Pension Plan***

The Town provides a deferred compensation plan through Indiana Deferred Compensation. Employees make contributions to the plan. Information regarding the plan may be obtained from the Town.

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### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual 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 SHIRLEY  
 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	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 189,434	\$ 101,352	\$ 58,253	\$ 3,679	\$ 35,516	\$ 17,696	\$ -
Receipts:							
Taxes	193,643	-	-	-	-	-	-
Licenses and permits	-	-	-	160	-	-	-
Intergovernmental	163,521	42,406	10,385	-	5,044	11,472	697
Charges for services	15,847	-	-	95	-	-	-
Fines and forfeits	-	-	-	1,309	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>23,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>396,183</u>	<u>42,406</u>	<u>10,385</u>	<u>1,564</u>	<u>5,044</u>	<u>11,472</u>	<u>697</u>
Disbursements:							
Personal services	153,762	20,332	-	-	-	-	-
Supplies	21,917	10,908	-	3,876	-	-	-
Other services and charges	180,043	5,731	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	111,734	8,812	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>1,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>468,572</u>	<u>45,783</u>	<u>-</u>	<u>3,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(72,389)</u>	<u>(3,377)</u>	<u>10,385</u>	<u>(2,312)</u>	<u>5,044</u>	<u>11,472</u>	<u>697</u>
Cash and investments - ending	<u>\$ 117,045</u>	<u>\$ 97,975</u>	<u>\$ 68,638</u>	<u>\$ 1,367</u>	<u>\$ 40,560</u>	<u>\$ 29,168</u>	<u>\$ 697</u>

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

	Canine	Ccdf	Cci	Housing Grant	OCRA Grant	Payroll	Wastewater Utility Operating
Cash and investments - beginning	\$ 1,655	\$ 37,238	\$ -	\$ -	\$ -	\$ 11,376	\$ 31,385
Receipts:							
Taxes	-	3,143	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	2,360	125,000	307,228	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	145,009
Other receipts	7,436	-	-	-	-	227,165	36,522
Total receipts	<u>7,436</u>	<u>3,143</u>	<u>2,360</u>	<u>125,000</u>	<u>307,228</u>	<u>227,165</u>	<u>181,531</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	125,000	14,550	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	8,697	17,308	-	-	292,678	-	-
Utility operating expenses	-	-	-	-	-	-	124,433
Other disbursements	-	-	2,360	-	-	214,576	67,604
Total disbursements	<u>8,697</u>	<u>17,308</u>	<u>2,360</u>	<u>125,000</u>	<u>307,228</u>	<u>214,576</u>	<u>192,037</u>
Excess (deficiency) of receipts over disbursements	<u>(1,261)</u>	<u>(14,165)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,589</u>	<u>(10,506)</u>
Cash and investments - ending	<u>\$ 394</u>	<u>\$ 23,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,965</u>	<u>\$ 20,879</u>

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

	Waste Water Bond And Interest	Wastewater Utility Deprec/Improve	Waste Water Lagoon	Wastewater Utility Improvement	Wastewater Debt Service Srf	Wastewater Utility Debt Service	Wastewater SRF
Cash and investments - beginning	\$ 7,609	\$ 64,737	\$ 128,570	\$ 51,790	\$ 211,787	\$ 27,078	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	49,295
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	6,678	7,889	1,323	64,497	-	-
Total receipts	-	6,678	7,889	1,323	64,497	-	49,295
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	29,897	-	-
Capital outlay	-	2,812	-	1,750	-	-	49,295
Utility operating expenses	-	-	6,897	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	2,812	6,897	1,750	29,897	-	49,295
Excess (deficiency) of receipts over disbursements	-	3,866	992	(427)	34,600	-	-
Cash and investments - ending	\$ 7,609	\$ 68,603	\$ 129,562	\$ 51,363	\$ 246,387	\$ 27,078	\$ -

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

	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation/ Improve	Water Meter Deposit	Water Utility Reserve	Totals
Cash and investments - beginning	\$ 17,432	\$ -	\$ 55,506	\$ 21,300	\$ 6,400	\$ 1,079,793
Receipts:						
Taxes	-	-	-	-	-	196,786
Licenses and permits	-	-	-	-	-	160
Intergovernmental	-	-	-	-	-	717,408
Charges for services	-	-	-	-	-	15,942
Fines and forfeits	-	-	-	-	-	1,309
Utility fees	82,560	-	13,548	1,650	-	242,767
Other receipts	-	-	-	-	-	374,682
Total receipts	<u>82,560</u>	<u>-</u>	<u>13,548</u>	<u>1,650</u>	<u>-</u>	<u>1,549,054</u>
Disbursements:						
Personal services	-	-	-	-	-	174,094
Supplies	-	-	-	-	-	36,701
Other services and charges	-	-	-	-	-	325,324
Debt service - principal and interest	-	-	-	-	-	29,897
Capital outlay	-	-	-	-	-	493,086
Utility operating expenses	94,813	-	6,665	771	-	233,579
Other disbursements	-	-	-	-	-	285,656
Total disbursements	<u>94,813</u>	<u>-</u>	<u>6,665</u>	<u>771</u>	<u>-</u>	<u>1,578,337</u>
Excess (deficiency) of receipts over disbursements	<u>(12,253)</u>	<u>-</u>	<u>6,883</u>	<u>879</u>	<u>-</u>	<u>(29,283)</u>
Cash and investments - ending	<u>\$ 5,179</u>	<u>\$ -</u>	<u>\$ 62,389</u>	<u>\$ 22,179</u>	<u>\$ 6,400</u>	<u>\$ 1,050,510</u>

TOWN OF SHIRLEY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 117,045	\$ 97,975	\$ 68,638	\$ 1,367	\$ 40,560	\$ 29,168	\$ 697
Receipts:							
Taxes	198,044	-	-	-	-	-	-
Licenses and permits	-	-	-	240	-	-	-
Intergovernmental	156,889	42,678	10,153	-	5,044	-	-
Charges for services	25,481	-	-	-	-	-	-
Fines and forfeits	-	-	-	1,072	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	26,065	-	-	-	-	-	-
Total receipts	<u>406,479</u>	<u>42,678</u>	<u>10,153</u>	<u>1,312</u>	<u>5,044</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	150,792	16,708	-	-	-	-	-
Supplies	21,487	13,346	-	-	-	-	-
Other services and charges	157,758	4,877	-	600	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	136,715	37,000	30,000	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	20,000	-
Total disbursements	<u>466,752</u>	<u>71,931</u>	<u>30,000</u>	<u>600</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(60,273)</u>	<u>(29,253)</u>	<u>(19,847)</u>	<u>712</u>	<u>5,044</u>	<u>(20,000)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 56,772</u>	<u>\$ 68,722</u>	<u>\$ 48,791</u>	<u>\$ 2,079</u>	<u>\$ 45,604</u>	<u>\$ 9,168</u>	<u>\$ 697</u>

TOWN OF SHIRLEY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Ccdf	Cci	Canine	OCRA Grant	Payroll	Wastewater Utility Operating	Waste Water Bond And Interest
Cash and investments - beginning	\$ 23,073	\$ -	\$ 394	\$ -	\$ 23,965	\$ 20,878	\$ 7,609
Receipts:							
Taxes	2,233	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	319	5,229	-	44,678	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	161,197	-
Other receipts	-	-	4,411	-	215,963	-	-
Total receipts	<u>2,552</u>	<u>5,229</u>	<u>4,411</u>	<u>44,678</u>	<u>215,963</u>	<u>161,197</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	178,946	-	-
Supplies	-	-	2,858	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	11,325	-	-	44,678	-	-	-
Utility operating expenses	-	-	-	-	-	126,616	-
Other disbursements	-	5,229	-	-	30,516	52,173	-
Total disbursements	<u>11,325</u>	<u>5,229</u>	<u>2,858</u>	<u>44,678</u>	<u>209,462</u>	<u>178,789</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(8,773)</u>	<u>-</u>	<u>1,553</u>	<u>-</u>	<u>6,501</u>	<u>(17,592)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 14,300</u>	<u>\$ -</u>	<u>\$ 1,947</u>	<u>\$ -</u>	<u>\$ 30,466</u>	<u>\$ 3,286</u>	<u>\$ 7,609</u>

TOWN OF SHIRLEY  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For The Year Ended December 31, 2011  
(Continued)

	Wastewater Utility Deprec/Improve	Waste Water Lagoon	Wastewater Utility Improvement	Wastewater Debt Service Srf	Wastewater Utility Debt Service	Wastewater SRF
Cash and investments - beginning	\$ 68,603	\$ 129,562	\$ 51,363	\$ 246,387	\$ 27,078	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	90,745
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	4,434	5,341	-	-	-	-
Other receipts	297	397	572	42,971	-	-
Total receipts	4,731	5,738	572	42,971	-	90,745
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	32,693	-	-
Capital outlay	-	-	-	-	-	90,745
Utility operating expenses	-	-	-	45	-	-
Other disbursements	31,415	3,078	3,450	-	-	-
Total disbursements	31,415	3,078	3,450	32,738	-	90,745
Excess (deficiency) of receipts over disbursements	(26,684)	2,660	(2,878)	10,233	-	-
Cash and investments - ending	\$ 41,919	\$ 132,222	\$ 48,485	\$ 256,620	\$ 27,078	\$ -

TOWN OF SHIRLEY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation/ Improve	Water Metr Deposit	Water Utility Reserve	Totals
Cash and investments - beginning	\$ 5,179	\$ 21,300	\$ 62,389	\$ 22,179	\$ 6,400	\$ 1,071,809
Receipts:						
Taxes	-	-	-	-	-	200,277
Licenses and permits	-	-	-	-	-	240
Intergovernmental	-	-	-	-	-	355,735
Charges for services	-	-	-	-	-	25,481
Fines and forfeits	-	-	-	-	-	1,072
Utility fees	76,790	-	-	1,820	-	249,582
Other receipts	-	-	7,903	-	-	298,579
Total receipts	<u>76,790</u>	<u>-</u>	<u>7,903</u>	<u>1,820</u>	<u>-</u>	<u>1,130,966</u>
Disbursements:						
Personal services	-	-	-	-	-	346,446
Supplies	-	-	-	-	-	37,691
Other services and charges	-	-	-	-	-	163,235
Debt service - principal and interest	-	-	-	-	-	32,693
Capital outlay	-	-	16,396	-	-	366,859
Utility operating expenses	53,018	-	-	-	-	179,679
Other disbursements	18,148	-	-	806	-	164,815
Total disbursements	<u>71,166</u>	<u>-</u>	<u>16,396</u>	<u>806</u>	<u>-</u>	<u>1,291,418</u>
Excess (deficiency) of receipts over disbursements	<u>5,624</u>	<u>-</u>	<u>(8,493)</u>	<u>1,014</u>	<u>-</u>	<u>(160,452)</u>
Cash and investments - ending	<u>\$ 10,803</u>	<u>\$ 21,300</u>	<u>\$ 53,896</u>	<u>\$ 23,193</u>	<u>\$ 6,400</u>	<u>\$ 911,357</u>

TOWN OF SHIRLEY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Notes and loans payable	Lease/purchase Police Car	\$ 11,064	\$ 6,085
Notes and loans payable	purchase Fire Truck(pumper)	17,616	12,435
Notes and loans payable	SRF for Lee St. Wastewater/stormwater	<u>374,315</u>	<u>25,000</u>
	Total governmental activities	<u>402,995</u>	<u>446,515</u>
Totals		<u>\$ 402,995</u>	<u>\$ 43,520</u>

TOWN OF SHIRLEY  
EXAMINATION RESULTS AND COMMENTS

**DISCLAIMER OF OPINION**

As detailed in subsequent comments, financial records presented for examination were incomplete and not reflective of the activity of the town funds. The records presented did not provide sufficient information to 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)

**CONDITION OF RECORDS**

As similarly stated in prior reports, most recently B37376, the following deficiencies relating to the recordkeeping of Town funds were again present during our period of examination:

There were a considerable number of posting errors. A limited review of the records revealed the following errors occurred during the examination period which were not discovered and corrected by the unit:

	Effect on Revenue Overstatement\	Effect on Disbursements Overstatement\	Effect on Cash Balance Overstatement\
	<u>(Understatement)</u>	<u>(Understatement)</u>	<u>(Understatement)</u>
February 2010, Check #16845 was not posted to ledger	\$	\$ (75)	\$ 75
March 2010, Check #17007, posting error in amount		(10)	10
March 2010, Check #17008 was not posted to ledger		(5,000)	5,000
March 2010, Check #17026 was not posted to ledger		(7,350)	7,350
March 2010 error in totaling General Fund disbursements in ledger		55	(55)
April 2010, Check #16883 was not posted to ledger		(50)	50
April 2010, Check #17084 was not posted to ledger		(8,575)	8,575
June 2010, Deposits were more than receipts posted to the ledger	(1,006)		(1,006)
July 2010, a transfer from CCDF to General was not posted to CCDF		(1,132)	1,132
2011 MVH Revenue posting errors	1,497		1,497
2011 CCI Revenue posting errors	2,589		2,589
June 2010 error posting Hancock County tax distribution:	3,460		3,460
June 2010 error posting Henry County tax distributions	5		5
June 2011 error posting Hancock County Distributions to General Fund	(1,587)		(1,587)
June 2011 error posting Hancock County Distributions to CCDF Fund	363		363
December 2011 error positing Hancock County CVET to General Fund	24		24

TOWN OF SHIRLEY  
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)

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. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**BANK ACCOUNT RECONCILEMENTS**

Internal controls over bank account reconciliements of fund balances to the bank account balances for Town funds prepared on a monthly basis were insufficient. There was no evidence of reconciliements performed for the Payroll Fund for October, November, and December of 2011. For other Town funds, there were variances in each monthly reconciliation and the monthly variances were different throughout the examination period. Research to determine additional errors each month was not sufficient to reconcile the Town fund balances or to bring the variances to the same amount as the previous month. The following schedule indicates the monthly variances in reconciliements of Town funds:

<u>Month</u>	<u>Year</u>	<u>Bank Balance Per Reconciliation</u>	<u>Outstanding Deposits</u>	<u>Outstanding Checks</u>	<u>Reconciled Balance Per Reconciliation</u>	<u>Ledger Balance Per Reconciliation</u>	<u>Variance Per Reconciliation</u>
January	2010	\$ 438,002.41	\$ -	\$5,774.70	\$ 432,227.71	\$ 431,349.05	\$ 878.66
February	2010	458,961.83	1,000.00	6,340.56	453,621.27	452,781.61	839.66
March	2010	397,742.65	-	5,273.22	392,469.43	403,899.17	(11,429.74)
April	2010	357,235.08	-	2,422.63	354,812.45	393,800.59	(38,988.14)
May	2010	299,808.13	-	3,278.72	296,529.41	316,916.13	(20,386.72)
June	2010	365,831.66	-	2,980.04	362,851.62	382,207.26	(19,355.64)
July	2010	376,592.86	-	2,128.29	374,464.57	393,946.97	(19,482.40)
August	2010	428,715.32	-	2,913.67	425,801.65	391,915.34	33,886.31
September	2010	349,359.03	-	7,857.37	341,501.66	361,728.85	(20,227.19)
October	2010	330,264.83	-	6,660.42	323,604.41	329,448.56	(5,844.15)
November	2010	314,377.63	-	17,543.72	296,833.91	332,342.87	(35,508.96)
December	2010	366,367.15	-	6,943.72	359,423.43	377,638.16	(18,214.73)
January	2011	367,980.39	-	26,294.38	341,686.01	361,268.78	(19,582.77)
February	2011	322,400.57	-	4,208.80	318,191.77	337,773.86	(19,582.09)
March	2011	301,934.67	-	11,831.69	290,102.98	309,323.78	(19,220.80)
April	2011	277,844.49	-	14,634.12	263,210.37	282,189.28	(18,978.91)
May	2011	235,506.28	-	7,464.25	228,042.03	244,451.31	(16,409.28)
June	2011	318,230.92	-	2,923.72	315,307.20	333,809.16	(18,501.96)
July	2011	291,492.71	-	4,343.72	287,148.99	305,619.88	(18,470.89)
August	2011	223,148.49	-	3,243.72	219,904.77	238,236.81	(18,332.04)
September	2011	200,970.53	-	3,134.63	197,835.90	214,181.78	(16,345.88)
October	2011	209,951.74	-	3,098.73	206,853.01	223,133.11	(16,280.10)
November	2011	181,371.10	-	3,114.90	178,256.20	193,114.98	(14,858.78)
December	2011	236,209.26	-	8,318.22	227,891.04	249,966.48	(22,075.44)

TOWN OF SHIRLEY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 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)

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. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties in the amount of \$56.87 and interest totaling \$7.55 were paid to the Indiana Department of Revenue on October 11, 2011, for the late filing and remittance of June 2011 sales tax which was due on August 1, 2011, and paid on September 13, 2011.

Penalties in the amount of \$6.01 and interest totaling \$4.52 were paid to the Indiana Department of Revenue on October 11, 2011, for 2010 tax payments being less than the amount of withholding reported on the form WH-3 for 2010.

Penalties in the amount of \$72.03 and interest totaling \$6.68 were paid to the Indiana Department of Revenue on January 5, 2012, for the August 2011 withholding remittance occurring after the due date. The payment was due September 30, 2011, and was paid October 28, 2011.

The three instances identified above resulted in \$153.67 in penalties and interest being paid by the Town. We requested that Marla J. Kemerly, Clerk-Treasurer, reimburse the Town for these payments. Marla J. Kemerly reimbursed the Town on September 27, 2012, for the total amount of \$153.67. We have verified the repayment to receipt numbers 0615 and 0616 and to the applicable deposit tickets.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

TOWN OF SHIRLEY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***ERRORS ON THE ANNUAL REPORT***

The Annual Reports filed for 2010 and 2011 contained the following errors:

1. The balances and activity for the Housing Grant Fund, OCRA Grant Fund, and Wastewater SRF Fund were not included in the Annual Reports.
2. Receipts for the Wastewater funds were not included in the Annual Report for 2010.
3. Reported receipts, disbursements, and balances did not always agree to the ledger balances. In addition to the errors detailed in the previous comment, there were errors in transferring the following ledger balances to the Annual Report:
  - 2010 - The Meter Deposit Fund beginning balance was entered twice.
  - 2010 - The Waste Water Lagoon Fund beginning balance was overstated by \$1,000.
  - 2010 - Disbursements for the Waste Water Lagoon Fund were understated by \$6,251.50.
  - 2011 - Beginning balances for the following funds did not agree to the ledger balances: Wastewater Utility Deprec/Improve, Waste Water Lagoon, Wastewater Utility Improvement, and Wastewater Debt Service Srf.
  - 2011 - Wastewater Utility Operating Unmetered Sales and Service revenue was entered twice and at two different amounts.
  - 2011 - Wastewater Utility Operating Other Disbursements did not agree to the ledger balance by \$739.
  - 2011 - Wastewater Utility Deprec/Improve Other Disbursements did not agree to the ledger balance by (\$28,337.62).
4. The Schedule of Payables and Receivables and the Schedule of Capital Assets were not completed in the 2011 Gateway Annual Report.
5. Classifications of receipts and disbursements on the Annual Report were not always accurate. For example, in the Wastewater Operating Fund, Transfers were classified in the Annual Report as Other Disbursements when they should have been classified as Transfers. In the receiving fund, Wastewater Debt Service Srf, these transfers were classified as Interfund Loan Repayments Received, which is also not accurate.

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)

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,

TOWN OF SHIRLEY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***LATE ANNUAL REPORT FILING***

The Town's Annual Report for 2010 was filed June 8, 2011, and the Annual Report for 2011 was filed March 22, 2012.

Indiana Code 5-11-1-4(a) states in part: "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."

***WATER UTILITY COLLECTION POLICY***

As similarly stated in prior reports, most recently B37376, the Water Utility does not have a written policy concerning collection procedures for delinquent accounts receivable. Because there is no written policy, we were unable to determine if customers were being treated equitably. Several customers have accrued large unpaid account balances. The three highest water account balances at December 31, 2011, were \$239.18, \$200.21, and \$174.44.

The governing board over a water, gas, or electric utility should adopt written policies dealing with unclaimed meter deposits, bad debts, due dates, write-offs, NSF checks, etc. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***DELINQUENT WASTEWATER ACCOUNTS***

Delinquent wastewater fees and penalties had not been recorded with the County Recorder and were not certified to the County Auditor which would result in a lien against the property. As a result, several wastewater accounts have accrued large unpaid balances. These include one council member who had a wastewater account balance of \$277.53 on December 14, 2011. The three highest wastewater account balances at December 31, 2011, were \$1,171.45, \$755.28, and \$523.92.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
  - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;

TOWN OF SHIRLEY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (B) A description of the premises, as shown by the records of the county auditor; and
  - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.
- (c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .
- (e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

**UTILITY OPERATING FUNDS USED FOR TOWN EXPENSES**

The Wastewater Operating Fund pays the balance due for employee health insurance costs for all employees through a monthly electronic funds transfer. Once a year, the Town General Fund and Water Operating Fund should reimburse the Wastewater Operating Fund for their respective shares of the insurance costs.

In 2010, the Wastewater Operating Fund paid the monthly employee health insurance costs for the Town employees in the amount of \$20,815.86 and was reimbursed by the General Fund \$19,105.32 due to a calculation error. In 2011, the Wastewater Operating Fund paid \$20,784.81 for the cost of health insurance costs for Town employees, which was not reimbursed. Also in 2011, the Wastewater Operating Fund paid \$7,005.99 for health insurance costs for a Water Utility employee which was not reimbursed.

Indiana Code 8-1.5-3-11(d) states in part: ". . . transfers may not be made from any utility funds to the general fund except from the cash reserve fund."

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

**PAYROLL WITHHOLDINGS**

As similarly stated in prior reports, most recently B37376, issues were identified with reporting of federal and state withholdings. Those issues are identified below:

- The federal withholdings reported on the 2011 Form W-3 (Wage and Tax Statement) exceeded the total of the federal withholdings reported on the W-2s (Wage and Tax Statement) by \$1,460.58.
- The 2011 remittances of withholdings to federal agencies exceeded the required payments based on the withholdings reported on the W-2s by \$3,737.64.
- The remittance of withholdings to state agencies exceeded the required payments based on the withholdings reported on the W-2s by \$138.42.

TOWN OF SHIRLEY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- For 2010, the withholdings reported on the Form W-3 and Forms W-2 were compared to actual payments of withholdings. The comparison indicated the Town had overpaid the federal withholdings \$94.07 and underpaid the state withholdings by \$56.41.

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)

***RECEIPT ISSUANCE***

As similarly stated in prior Report B37376, receipts were not always issued in numerical order and some receipts were dated after the deposit date, indicating that receipts are not always written at the time of collections.

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)

***CUSTOMER DEPOSIT REGISTER***

As similarly stated in prior reports, most recently B37376, the detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger. As of December 31, 2011, the Customer Deposit Register indicates a balance of \$22,325 and the town's ledger indicates a balance of \$23,193 for a variance of \$868.

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)

TOWN OF SHIRLEY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2012, with Marla J. Kemerly, Clerk-Treasurer, and A. Kyle Austin, President of the Town Council. The Official Response has been made a part of this report and may be found on pages 31 through 33.

Office of Clerk Treasurer  
Town of Shirley  
409 Main St.  
Shirley, Indiana 47384

October 6, 2012

State Board of Accounts  
302 West Washington St.  
Room 418  
Indianapolis, Indiana  
46204-2765

To whom it concerns:

This is the Official Response of the Clerk Treasurer to the Audit Exam results and comments.

Condition of Records

—  
Clerk Treasurer takes full responsibility for the errors found during the exam and currently is making every effort to resolve any and all errors found. As there were comments and errors from the previous exam, the clerk spent numerous yet limited hours Resolving those errors. We are now working to locate any and all discrepancies with postings, and questions on any financial concerns.

Bank reconcilements

The same response applies to this area of concern as well. We are in the process of locating all monies to bring about a complete and accurate balance in all funds and accounts.

Errors on annual report

The annual report was quite a matter of problems and concerns for the Clerk. With changes to the CTAR four years in a row my computer experience has really been tested And I applaud any and all clerks who have mastered it. I will admit that even with all the reviewing after completion I did not catch the missing funds amounts. There were many times that items that were entered were deleted because of what I consider the sensitivity of the software for the report. As for the discrepancies for different balances, I used the amounts that I received with receipts and disbursements. Again I take full responsibility and can only say that I am striving to make all improvements.

As for the Schedule of Capital Assets, that was compiled by the firm updating and completing our fixed assets ledger of accounts in conjunctions with the agreed conditions

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Of the contract. That report was sent in but was, as I understood a separate part of the annual report as was the indebtedness report. I will make every effort to comply with the 2013 report.

As for the late filing, I called to inform SBOA that I would be late, knowing that I would be cited, but also knowing of the necessity to review and correct errors noted in the previous exam while trying make sure balances were reviewed and corrected. The same is true of the 2011 CTAR.

#### Water collections policy

The governing body is over this area and makes the decisions for such. This may be addressed by the council president.

#### Delinquent water accounts

This too is an issue that is governed and addressed by the Town Council. Liens have been filed in the past but are not all current. As of this letter liens will be filed when amounts are updated and are presented by the utilities clerk to the Clerk Treasurer.

Before the audit/exam and after the end of the year 2011 the council member addressed in the comments of this exam was current on his account.

#### Utility operating funds used for town expenses

The health insurance for all employees is paid by Electronic Transfer of Funds through the Waste water account due to what he clerk believed necessary to comply with the regulations governing the use of unappropriated funds ie reimbursing funds for payments for such as the insurance. Since no such issue is a concern for expenditure of funds of the utilities, the clerk could the repay the waste water from the other funds responsible for payment of such. Due low amounts in the water operating funds from time to time, not all monies were repaid quite as promptly. These issues will and are being resolved and all monies will be repaid by the end of 2012.

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#### Payroll withholdings

After discussion with the examiner the clerk was made aware of errors and issues. All payroll is done manually as are all records and ledgers for the Clerk Treasurers office. The clerk has made known the need for upgrades for more efficient payroll preparation and requested that equipment and software to provide computerized assistance for more accurate records. Until such time careful attention will be given for compliance.

#### Customer Deposit register

This is not an issue for the clerk and may be addressed by the council president.

I have tried to address all issues and concerns resulting from the recent exam as honestly

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And Responsibly as possible. It is not the intent or deliberate actions of the clerk treasurer

to intentionally avoid compliance with the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, the laws and regulations established by the state and the expectations as well as the directions outlined, continually researched and presented to those of us who serve, nor to any way neglect the responsibilities assumed by the election to this office. I fully accept the trust placed in me by the municipality I serve and daily strive to meet that trust.

I submit this response with a sincere and open to desire to improve on future exams.

Respectfully submitted

Marla J Kemerly  
Clerk Treasurer  
Town of Shirley.