

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF WYNNEDALE

MARION COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
07/09/2013

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Independent Accountant's Report..... | 3 |
| Financial Statements: | |
| Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis | 6-7 |
| Notes to Financial Statements | 8-10 |
| Supplementary Information - Unaudited: | |
| Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis | 12-13 |
| Schedule of Payables and Receivables | 14 |
| Examination Results and Comments: | |
| Bank Account Reconciliations | 15 |
| Condition of Records | 15 |
| Errors on Claims | 16 |
| Appropriations..... | 16-17 |
| Compensation and Benefits | 17 |
| Exit Conference..... | 18 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-----------------------------------|--|
| Clerk-Treasurer | Mary Koers Jarnell Burks Craig | 01-01-07 to 12-31-11 01-01-12 to 12-31-15 |
| President of the Town Council | Judith Hall | 01-01-10 to 12-31-13 |



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 WYNNEDALE, MARION COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Wynnedale (Town), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

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 Payables and Receivables, 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.

Bruce Hartman
State Examiner

May 23, 2013

(This page intentionally left blank.)

FINANCIAL STATEMENT

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 WYNNEDALE
 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 | \$ 37,405 | \$ 25,433 | \$ 22,284 | \$ 40,554 |
| Motor Vehicle Highway | 2,647 | 7,722 | 8,635 | 1,734 |
| Local Road And Street | <u>3,189</u> | <u>4,021</u> | <u>-</u> | <u>7,210</u> |
| Totals | <u>\$ 43,241</u> | <u>\$ 37,176</u> | <u>\$ 30,919</u> | <u>\$ 49,498</u> |

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

TOWN OF WYNNEDALE
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 | \$ 40,554 | \$ 17,864 | \$ 14,640 | \$ 43,778 |
| Motor Vehicle Highway | 1,734 | 7,795 | 5,448 | 4,081 |
| Local Road And Street | <u>7,210</u> | <u>3,905</u> | <u>10,285</u> | <u>830</u> |
| Totals | <u>\$ 49,498</u> | <u>\$ 29,564</u> | <u>\$ 30,373</u> | <u>\$ 48,689</u> |

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

TOWN OF WYNNEDALE
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, culture and recreation, public improvements, and general administrative services.

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.

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.

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.

TOWN OF WYNNEDALE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

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

TOWN OF WYNNEDALE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 any replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later 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 WYNNEDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

| | <u>General</u> | <u>Motor Vehicle Highway</u> | <u>Local Road And Street</u> | <u>Totals</u> |
|---|------------------|--------------------------------------|--|------------------|
| Cash and investments - beginning | \$ 37,405 | \$ 2,647 | \$ 3,189 | \$ 43,241 |
| Receipts: | | | | |
| Taxes | 13,537 | - | - | 13,537 |
| Intergovernmental | 7,906 | 7,722 | 4,021 | 19,649 |
| Other receipts | <u>3,990</u> | <u>-</u> | <u>-</u> | <u>3,990</u> |
| Total receipts | <u>25,433</u> | <u>7,722</u> | <u>4,021</u> | <u>37,176</u> |
| Disbursements: | | | | |
| Personal services | 1,200 | - | - | 1,200 |
| Supplies | 1,401 | - | - | 1,401 |
| Other services and charges | 8,217 | 8,635 | - | 16,852 |
| Capital outlay | 9,000 | - | - | 9,000 |
| Other disbursements | <u>2,466</u> | <u>-</u> | <u>-</u> | <u>2,466</u> |
| Total disbursements | <u>22,284</u> | <u>8,635</u> | <u>-</u> | <u>30,919</u> |
| Excess (deficiency) of receipts over disbursements | <u>3,149</u> | <u>(913)</u> | <u>4,021</u> | <u>6,257</u> |
| Cash and investments - ending | <u>\$ 40,554</u> | <u>\$ 1,734</u> | <u>\$ 7,210</u> | <u>\$ 49,498</u> |

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

| | <u>General</u> | <u>Motor Vehicle Highway</u> | <u>Local Road And Street</u> | <u>Totals</u> |
|---|------------------|--------------------------------------|--|------------------|
| Cash and investments - beginning | \$ 40,554 | \$ 1,734 | \$ 7,210 | \$ 49,498 |
| Receipts: | | | | |
| Taxes | 17,864 | - | - | 17,864 |
| Intergovernmental | - | 7,795 | 3,905 | 11,700 |
| Total receipts | <u>17,864</u> | <u>7,795</u> | <u>3,905</u> | <u>29,564</u> |
| Disbursements: | | | | |
| Personal services | 1,722 | - | - | 1,722 |
| Supplies | 113 | - | - | 113 |
| Other services and charges | 12,805 | 5,448 | 10,285 | 28,538 |
| Total disbursements | <u>14,640</u> | <u>5,448</u> | <u>10,285</u> | <u>30,373</u> |
| Excess (deficiency) of receipts over disbursements | <u>3,224</u> | <u>2,347</u> | <u>(6,380)</u> | <u>(809)</u> |
| Cash and investments - ending | <u>\$ 43,778</u> | <u>\$ 4,081</u> | <u>\$ 830</u> | <u>\$ 48,689</u> |

TOWN OF WYNNEDALE
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2011

| <u>Government or Enterprise</u> | <u>Accounts Payable</u> | <u>Accounts Receivable</u> |
|---------------------------------|-----------------------------|--------------------------------|
| Governmental activities | <u>\$ 29,878</u> | <u>\$ 29,554</u> |

TOWN OF WYNNEDALE
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect. Outstanding items were not taken into consideration on the Treasurer's Monthly Reports. Additionally, the Town did not present a Ledger of Receipts, Disbursements and Fund Balances (prescribed Form 208), without which the bank balances could not be compared to the ledger balance to ensure reconciliation. A reconciliation completed by the field examiner enabled us to verify that the Town was materially reconciled to the amounts reported on the financial statements. A similar comment appeared in prior Report B37288.

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)

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Town's funds. The Town did not present a Ledger of Receipts, Disbursements and Balances (City and Town Form 208) and Clerk-Treasurer's Receipt (Town Form 217) for examination. In order to verify the amounts reported in the financial statements, the field examiner had to perform alternate procedures, utilizing bank activity and check information to determine that amounts were properly reported on the financial statements. In addition, not all amounts received and corresponding deposits were supported by adequate documentation. For instance, seven of the eight deposits for franchise Cable TV services did not contain adequate supporting documentation, such as invoices from the franchisee, in order for us to verify that all monies received were deposited. The total amount of these deposits was immaterial to the financial statements.

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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit or examination to provide supporting information for the validity and accountability of monies received or disbursed. (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)

TOWN OF WYNNEDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

As noted in prior Report B37288, the following deficiencies were noted on claims during the examination period:

- All claims did not have Town Council approval. Seventy-two of the one hundred thirty-seven claims paid during the examination period were not signed by the governing board, while the other sixty-five contained the signature of the board president only. One hundred eight of the one hundred thirty-seven disbursements made during the examination period were approved by the governing board during their monthly meeting, beginning in June 2010.
- Claims were not adequately itemized. Invoices in support of three of the one hundred thirty-seven claims paid during the examination period were not mathematically correct or were not for the same amount as the amount disbursed.
- Claims or invoices did not have evidence to support receipt of goods or services. Four of the one hundred thirty-seven claims during the examination period were not supported by an invoice.

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."

APPROPRIATIONS

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

| Fund | Year | Excess Amount Expended |
|-----------------------|------|------------------------------|
| General | 2011 | \$ 3,590 |
| Local Road and Street | 2011 | 3,285 |

TOWN OF WYNNEDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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

Former Clerk-Treasurer Mary Koers received \$100 per month in compensation during the years 2010 and 2011, totaling \$1,200 for each year. These payments were not included in the payroll system or in a salary ordinance. These payments were paid with clam vouchers and IRS Forms 1099 were issued for compensation at the end of each year.

A similar comment appeared in prior Report B37288.

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)

TOWN OF WYNNEDALE
EXIT CONFERENCE

The contents of this report were discussed on May 23, 2013, with Jarnell Burks Craig, Clerk-Treasurer, and Judith Hall, President of the Town Council. The officials concurred with our findings.