

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF WARREN PARK

MARION COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
07/09/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Harold E. Bean, Jr.	01-01-08 to 12-31-15
President of the Town Council	Diana Cridge-Price	01-01-10 to 03-08-10
	Carl Jacobson	03-09-10 to 12-31-11
	Kelly Brogan	01-01-12 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WARREN PARK, MARION COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Warren Park (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, 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 21, 2013

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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 WARREN PARK
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	\$ 17,174	\$ 82,519	\$ 71,923	\$ 27,770
Motor Vehicle Highway	604,859	50,239	118,703	536,395
Local Road and Street	318,699	18,219	40,000	296,918
Excess Levy	434	16	-	450
Totals	<u>\$ 941,166</u>	<u>\$ 150,993</u>	<u>\$ 230,626</u>	<u>\$ 861,533</u>

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

TOWN OF WARREN PARK
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	\$ 27,770	\$ 80,877	\$ 78,887	\$ 29,760
Motor Vehicle Highway	536,395	49,123	89,894	495,624
Local Road and Street	296,918	16,879	20,000	293,797
Excess Levy	450	-	-	450
Totals	<u>\$ 861,533</u>	<u>\$ 146,879</u>	<u>\$ 188,781</u>	<u>\$ 819,631</u>

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

TOWN OF WARREN PARK
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 WARREN PARK
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.

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.

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.

TOWN OF WARREN PARK
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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; and job related illnesses or injuries to employees.

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.

TOWN OF WARREN PARK
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 6. Restatements

For the year ended December 31, 2010, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 2009	Prior Period Adjustment	Balance as of January 1, 2010
Motor Vehicle Highway	\$ 527,905	\$ 76,954	\$ 604,859
Local Road and Street	397,653	(78,954)	318,699

Note 7. Subsequent Events

On December 2012, the Town Board approved the purchase of a new police car for \$22,794.

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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 WARREN PARK
 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	Excess Levy	Totals
Cash and investments - beginning	\$ 17,174	\$ 604,859	\$ 318,699	\$ 434	\$ 941,166
Receipts:					
Taxes	3,012	-	-	-	3,012
Licenses and permits	23,765	-	-	-	23,765
Intergovernmental	15,742	44,781	15,768	-	76,291
Other receipts	40,000	5,458	2,451	16	47,925
Total receipts	82,519	50,239	18,219	16	150,993
Disbursements:					
Personal services	39,478	18,117	-	-	57,595
Supplies	1,769	-	-	-	1,769
Other services and charges	30,676	98,378	-	-	129,054
Other disbursements	-	2,208	40,000	-	42,208
Total disbursements	71,923	118,703	40,000	-	230,626
Excess (deficiency) of receipts over disbursements	10,596	(68,464)	(21,781)	16	(79,633)
Cash and investments - ending	\$ 27,770	\$ 536,395	\$ 296,918	\$ 450	\$ 861,533

TOWN OF WARREN PARK
 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>Excess Levy</u>	<u>Totals</u>
Cash and investments - beginning	\$ 27,770	\$ 536,395	\$ 296,918	\$ 450	\$ 861,533
Receipts:					
Taxes	3,966	-	-	-	3,966
Licenses and permits	20,229	-	-	-	20,229
Intergovernmental	16,667	45,232	15,316	-	77,215
Other receipts	40,015	3,891	1,563	-	45,469
Total receipts	<u>80,877</u>	<u>49,123</u>	<u>16,879</u>	<u>-</u>	<u>146,879</u>
Disbursements:					
Personal services	44,758	10,454	-	-	55,212
Supplies	1,617	-	-	-	1,617
Other services and charges	32,512	59,440	-	-	91,952
Other disbursements	-	20,000	20,000	-	40,000
Total disbursements	<u>78,887</u>	<u>89,894</u>	<u>20,000</u>	<u>-</u>	<u>188,781</u>
Excess (deficiency) of receipts over disbursements	<u>1,990</u>	<u>(40,771)</u>	<u>(3,121)</u>	<u>-</u>	<u>(41,902)</u>
Cash and investments - ending	<u>\$ 29,760</u>	<u>\$ 495,624</u>	<u>\$ 293,797</u>	<u>\$ 450</u>	<u>\$ 819,631</u>

TOWN OF WARREN PARK
EXAMINATION RESULTS AND COMMENTS

ELECTED OFFICIAL COMPENSATION OVERPAYMENTS

As of December 31, 2011, we determined Harold E. Bean, Jr., Clerk-Treasurer, was overpaid for the two year period examined. Salary ordinances were not presented for examination; therefore, alternative procedures were used to determine the amount of overpayment for each year. The amount of overpayment was determined by comparing the amount paid to the 2009 compensation, which was the compensation most recently fixed by the governing body. The individual payments received by Mr. Bean agreed to the monthly compensation approved by the governing body in 2009; however, it was identified that Mr. Bean received his monthly salary payments 15 times in 2010 and 17 times in 2011. Below is a summary of the overpayment:

Year	Approved Compensation	Actual Compensation	Variance
2010	\$ 4,540.00	\$ 5,675.25	\$ 1,135.25
2011	4,540.00	6,431.92	1,891.92
Total overpayment			<u>\$ 3,027.17</u>

Due to these being compensation overpayments, we are requesting Harold E. Bean, Jr., Clerk-Treasurer, to make repayment to the Town in the amount of \$3,027.17. The amount of \$3,027.17 was repaid by Mr. Bean. (See Summary of Charges, page 24)

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section 'compensation' means the total of money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees.

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year."

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)

OVERPAYMENT COLLECTIONS

Three employees received compensation which exceeded the amount owed by the Town based on the most recent service agreements provided for examination, for a total overpayment amount of \$3,428.52. No action has been taken concerning this overpayment as of May 21, 2013.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WARREN PARK
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL REPORT FILED LATE AND CERTIFIED REPORT NOT FILED

The Annual Reports for 2010 and 2011 were filed June 22, 2011, and June 3, 2012, respectively, which was significantly past the due date of 60 days after year end.

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2010 and 2011 were not filed.

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. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

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."

CONDITION OF RECORDS

We identified the following deficiencies pertaining to the condition of records:

- On May 22, 2010, a vendor was paid a duplicate payment in the amount of \$6,331.20. This error was not discovered by the Clerk-Treasurer; instead an adjustment was posted to the Fund Ledger for the second check. The Clerk-Treasurer was instructed to contact the vendor and request reimbursement.
- The 2010 Annual Report contained the following errors:
 - Beginning fund balances did not agree with the prior report's ending balances.
 - Reported receipts and disbursements did not include all activity for the year per the Fund Ledger.
- The Ledger of Appropriations, Encumbrances, Disbursements and Balances (Town Form 209) was not used and reconciled to the Ledger of Receipts, Disbursements and Balances (Town Form 208) in 2010 or in 2011. As a result of not completing this prescribed form, the Town's compliance with the approved budget for each expense classification could not be determined and the reported annual report disbursements were not properly classified by type on the annual report.

TOWN OF WARREN PARK
EXAMINATION RESULTS AND COMMENTS
(Continued)

- The following records were not presented for examination:
 - Budgets for 2010 and 2011
 - January 2010 bank statement

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

Objects of expense have been defined to mean an expenditure classification which applies to the article purchased or the service obtained. An object of expense is always used in conjunction with an organization unit and the proper fund. Major classifications of expenditures used with each organization unit and fund are described in the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 2.

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)

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."

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

INVESTMENT ACTIVITY AND EARLY WITHDRAWAL PENALTY PAID

The following issues were identified concerning investments:

- The Register of Investments (General Form 350) was not used.
- Certificates of deposit were rolled over instead of properly cashed which resulted in the activity not being recorded in the fund ledger.
- Interest earned was rolled into the next certificate of deposit for three separate certificates of deposit and was not recorded in the fund ledger.
- In July 2011, two Motor Vehicle Highway and one Local Road and Street certificates of deposit were rolled into one new savings account. Activity was not recorded in the fund ledger. This resulted in commingled funds that were not individually identified or tracked by the Clerk-Treasurer.

TOWN OF WARREN PARK
EXAMINATION RESULTS AND COMMENTS
(Continued)

- Interest earned on the new savings account was not recorded in the fund ledger.
- An early withdrawal penalty of \$2,707.52 was charged in December 2010 for redeeming \$75,000 from a certificate of deposit with the scheduled maturity date of May 17, 2011. This penalty was not recorded in the fund ledger.

Adjustments were recommended and approved as necessary for the financial statements to be materially accurate.

At the time investments are purchased, the treasurer and/or bookkeeper should enter the full cost of the securities (purchase price plus accrued interest) as a disbursement from the fund or funds from which the investment is made. . . . When an investment is made from a specific fund, a new fund entitled "Investments Fund" should be set up on the records. The net price (purchase price less accrued interest) should be entered as a receipt to this fund. The Investment Register, General Form 350, should be used for keeping a record of all investments purchased by the political subdivision. . . . When the investments by fund are sold, the full amount of such sale should be entered as receipt to the fund from which the investment was made. The receipt should show separately the principal (purchase price) received and the interest received from the investment. At this time, the net purchase price (purchase price less accrued interest) should also be entered as a disbursement from the "Investments Fund." (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the two year period:

- Claims were approved in most cases by the board after payment.
- Claims or invoices for the Police Department did not have evidence to support the receipt of goods or services.

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;

TOWN OF WARREN PARK
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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."

PAYROLL RECORDS NOT PRESENTED

The following 2010 and 2011 payroll records were not presented for examination:

1. Employer copies of the Forms W-2s and 1099s
2. Quarterly Form 941 Reports
3. Employee Schedule and Voucher (General Form 99)
4. Employee's Service Record (General Form 99A)
5. Employee's Earnings Record (General Form 99B)
6. Salary Ordinances for elected officials

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The Federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms: General Form 99A, Employees' Service Record, General Form 99B, Employee's Earnings Record, General Form 99C, Employee's Weekly Earnings Record. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative 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)

Supporting documentation such as receipts, canceled checks, 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)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

TOWN OF WARREN PARK
EXAMINATION RESULTS AND COMMENTS
(Continued)

PAYROLL DEDUCTIONS

Medicare tax was incorrectly calculated for one employee in 2011 which resulted in an under withholding of \$287.10.

The Internal Revenue Service was overpaid \$2,809.26 for 2010 and 2011.

State and county taxes totaling \$3,241.44 were withheld from the wages of three employees in 2010, but were not remitted to the Indiana Department of Revenue in 2010.

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)

PUBLIC WORKS PROJECTS

The Town contracted with the following contractors during the examination period:

1. Milestone Contractors, L.P., on August 26, 2010, for the 2010 Street Resurfacing Project with a total cost of \$81,539.
2. Elizur Construction on July 12, 2011, for the 2011 Curb Repair Project with a total cost of \$17,112.
3. F. E. Harding on July 12, 2011, for the 2011 Sealing on 11th, 12th, 13th, and 14th Streets Project with a total cost of \$19,200.

No documentation was provided for examination to show that quotes were requested. The Board Minutes presented for examination did not include the opening of quotes or the awarding of the contract as required.

Indiana Code 36-1-12-4.7(a) states in part: "This section applies whenever a public work project is estimated to cost: (1) at least fifty thousand dollars (\$50,000) and less than one hundred fifty thousand (\$150,000);"

Indiana Code 36-1-12-5(a) states in part: "This section applies whenever a public work project is estimated to cost less than fifty thousand dollars (\$50,000)."

Indiana Code 36-1-12.4.7(b) and 36-1-12-5(b) states in part:

- "(1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans or specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving the quotes.

TOWN OF WARREN PARK
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.
- (3) The board shall award the contract for the public work to the lowest responsible and responsive quoter."

OFFICIAL BOND

The Clerk-Treasurer's official bonds were for the amount of \$15,000 and were not filed in the Office of the County Recorder. A similar comment appeared in prior reports, most recently Report B36818.

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

". . . the fiscal bodies of the respective units shall fix the amount of the bond of . . . town clerk-treasurers, Barrett Law fund custodians, . . . as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) . . ."

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. . . ."

TOWN OF WARREN PARK
EXIT CONFERENCE

The contents of this report were discussed on May 21, 2013, with Harold E. Bean, Jr., Clerk-Treasurer, and Kelly Brogan, President of the Town Council.

TOWN OF WARREN PARK
SUMMARY OF CHARGES

	Charges	Credits	Balance Due
Harold E. Bean, Jr., Clerk-Treasurer: Elected Official Compensation Overpayments, page 16	\$ 3,027.17	\$ 3,027.17	-
	\$ 3,027.17	\$ 3,027.17	-