

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF ELIZABETH

HARRISON COUNTY, INDIANA

January 1, 2010 to December 31, 2012



FILED
09/25/2013

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Independent Accountant's Report..... | 3-4 |
| Financial Statements: | |
| Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis | 6-8 |
| Notes to Financial Statements | 9-12 |
| Supplementary Information - Unaudited: | |
| Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis | 14-19 |
| Schedule of Receivables | 20 |
| Schedule of Leases and Debt | 21 |
| Schedule of Capital Assets..... | 22 |
| Examination Results and Comments: | |
| Condition of Records | 23 |
| Bank Account Reconciliations | 24 |
| Penalties, Interest, and Other Charges | 24-28 |
| Improper Mileage Reimbursements | 28-30 |
| Personal Expenses – Cell Phone | 30 |
| Payments Made Without Contracts | 30-32 |
| Annual Reports | 33-34 |
| Overdrawn Cash Balances..... | 34 |
| Appropriations..... | 34-35 |
| Advance Payments of Salaries and Wages | 35 |
| Errors on Claims | 35-36 |
| Town Expenses Paid by the Water Utility | 36-37 |
| Loan from Water Utility in Anticipation of Taxes to be Collected | 37-38 |
| Transfer From Water Utility Cash Reserve Fund | 38-39 |
| Sales Tax..... | 39 |
| Official Bond | 39-40 |
| Exit Conference..... | 41 |
| Summary of Charges | 42 |
| Affidavit | 43 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---------------------------------|------------------|----------------------|
| Clerk-Treasurer | Adrian L. Hall | 01-01-08 to 12-31-11 |
| | Hugh Burns | 01-01-12 to 12-31-15 |
| President of the Town Council | Alan Worrall | 05-01-09 to 07-31-10 |
| | Mike Sampson | 08-01-10 to 12-31-11 |
| | Christopher Fetz | 01-01-12 to 04-30-13 |
| | Mike Sampson | 05-01-13 to 08-31-14 |
| Superintendent of Water Utility | Terry L. Miller | 01-01-10 to 07-01-12 |
| | (Vacant) | 07-02-12 to 12-31-13 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ELIZABETH, HARRISON COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Elizabeth (Town), for the period of January 1, 2010 to December 31, 2012. 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, 2012.

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, 2012, 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, Schedule of Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

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, Schedule of Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 14, 2013

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 ELIZABETH
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 Fund | \$ (3,710) | \$ 10,188 | \$ 24,423 | \$ (17,945) |
| Motor Vehicle Highway | 24,364 | 3,443 | 2,862 | 24,945 |
| Local Road And Street | 14,956 | 1,346 | - | 16,302 |
| Cemetery | 24,166 | 13,350 | - | 37,516 |
| Riverboat | 250,816 | 47,503 | 25,711 | 272,608 |
| Cumulative Capital Improvement | 5,808 | 192 | - | 6,000 |
| CEDIT | 10,776 | 8,608 | - | 19,384 |
| Water Utility-Operating | 1,108,301 | 763,145 | 705,373 | 1,166,073 |
| Water Utility-Bond And Interest | (17,200) | 155,611 | 138,403 | 8 |
| Water Utility-Debt Service Reserve | 141,000 | - | - | 141,000 |
| Water Utility-Customer Deposit | 54,350 | 10,700 | 7,125 | 57,925 |
| Water Utility-Improvement | 68,518 | 1,482 | - | 70,000 |
| Totals | <u>\$ 1,682,145</u> | <u>\$ 1,015,568</u> | <u>\$ 903,897</u> | <u>\$ 1,793,816</u> |

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

TOWN OF ELIZABETH
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 Fund | \$ (17,945) | \$ 9,522 | \$ 5,414 | \$ (13,837) |
| Motor Vehicle Highway | 24,945 | 3,785 | - | 28,730 |
| Local Road and Street | 16,302 | 1,472 | - | 17,774 |
| CEDIT | 19,384 | 1,239 | - | 20,623 |
| Cumulative Capital Improvement | 6,000 | 393 | - | 6,393 |
| Riverboat | 272,608 | 44,482 | 19,393 | 297,697 |
| Cemetery | 37,516 | 6,680 | - | 44,196 |
| Water Utility-Operating | 1,166,073 | 794,681 | 845,588 | 1,115,166 |
| Water Utility-Bond And Interest | 8 | 140,371 | 140,353 | 26 |
| Water Utility-Debt Service Reserve | 141,000 | - | - | 141,000 |
| Water Utility-Customer Deposit | 57,925 | 10,300 | 6,525 | 61,700 |
| Water Utility-Improvement | 70,000 | 1,295 | - | 71,295 |
| Totals | <u>\$ 1,793,816</u> | <u>\$ 1,014,220</u> | <u>\$ 1,017,273</u> | <u>\$ 1,790,763</u> |

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

TOWN OF ELIZABETH
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

| Fund | Cash and Investments 01-01-12 | Receipts | Disbursements | Cash and Investments 12-31-12 |
|------------------------------------|-------------------------------------|---------------------|---------------------|-------------------------------------|
| General Fund | \$ (13,837) | \$ 43,036 | \$ 10,941 | \$ 18,258 |
| Motor Vehicle Highway | 28,730 | 4,106 | 8,079 | 24,757 |
| Local Road And Street | 17,774 | 1,509 | 1,719 | 17,564 |
| CEDIT | 20,623 | 792 | - | 21,415 |
| Cumulative Capital Improvement | 6,393 | 431 | - | 6,824 |
| Riverboat | 297,697 | 55,632 | 68,680 | 284,649 |
| Cemetery | 44,196 | 6,170 | 16,009 | 34,357 |
| Water Utility-Operating | 1,115,166 | 747,608 | 864,569 | 998,205 |
| Water Utility-Customer Deposit | 61,700 | 10,862 | 6,212 | 66,350 |
| Water Utility-Bond And Interest | 26 | 137,095 | 137,113 | 8 |
| Water Utility-Debt Service Reserve | 141,000 | - | - | 141,000 |
| Water Utility-Cash Reserve | - | 27,040 | 9,000 | 18,040 |
| Water Utility-Improvement | 71,295 | 233 | - | 71,528 |
| Totals | <u>\$ 1,790,763</u> | <u>\$ 1,034,514</u> | <u>\$ 1,122,322</u> | <u>\$ 1,702,955</u> |

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

TOWN OF ELIZABETH
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 the following services: public safety (fire), highways and streets, culture and recreation, public improvements, general administrative services, water, and trash.

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.

TOWN OF ELIZABETH
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

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.

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.

TOWN OF ELIZABETH
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF ELIZABETH
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Note 6. Pension Plan

The Town contributes to a Utility pension plan unique to the Town. Information regarding this plan may be obtained from the Town.

Note 7. Cash Balance Deficits

The financial statements contain some funds with deficits in cash. This is a result of disbursements exceeding receipts due to the underestimate of current requirements.

Note 8. Restatements

For the year ended December 31, 2010, certain changes have been made to some of the beginning balances of the financial statements 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 |
|-----------|---------------------------------------|----------------------------|-------------------------------------|
| General | \$ (4,518) | \$ 808 | \$ (3,710) |
| Cemetery | 23,179 | 987 | 24,166 |
| Riverboat | 252,611 | (1,795) | 250,816 |

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

| | General Fund | Motor Vehicle Highway | Local Road And Street | Cemetery | Riverboat | Cumulative Capital Improvement | CEDIT |
|--|--------------------|-----------------------------|--------------------------------|------------------|-------------------|--------------------------------------|------------------|
| Cash and investments - beginning | \$ (3,710) | \$ 24,364 | \$ 14,956 | \$ 24,166 | \$ 250,816 | \$ 5,808 | \$ 10,776 |
| Receipts: | | | | | | | |
| Taxes | 2,427 | - | - | - | - | - | - |
| Intergovernmental | 1,810 | 3,443 | 1,346 | - | 47,503 | 192 | 8,608 |
| Charges for services | 1,520 | - | - | 13,350 | - | - | - |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 4,431 | - | - | - | - | - | - |
| Total receipts | <u>10,188</u> | <u>3,443</u> | <u>1,346</u> | <u>13,350</u> | <u>47,503</u> | <u>192</u> | <u>8,608</u> |
| Disbursements: | | | | | | | |
| Supplies | 1,476 | - | - | - | - | - | - |
| Other services and charges | 7,009 | 2,772 | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 15,938 | - | - | - | 23,711 | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | 90 | - | - | 2,000 | - | - |
| Total disbursements | <u>24,423</u> | <u>2,862</u> | <u>-</u> | <u>-</u> | <u>25,711</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(14,235)</u> | <u>581</u> | <u>1,346</u> | <u>13,350</u> | <u>21,792</u> | <u>192</u> | <u>8,608</u> |
| Cash and investments - ending | <u>\$ (17,945)</u> | <u>\$ 24,945</u> | <u>\$ 16,302</u> | <u>\$ 37,516</u> | <u>\$ 272,608</u> | <u>\$ 6,000</u> | <u>\$ 19,384</u> |

TOWN OF ELIZABETH
 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 Debt Service Reserve | Water Utility Customer Deposit | Water Utility Improvement | Totals |
|--|----------------------------|------------------------------------|--|--------------------------------------|------------------------------|---------------------|
| Cash and investments - beginning | \$ 1,108,301 | \$ (17,200) | \$ 141,000 | \$ 54,350 | \$ 68,518 | \$ 1,682,145 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 2,427 |
| Intergovernmental | - | - | - | - | - | 62,902 |
| Charges for services | - | - | - | - | - | 14,870 |
| Utility fees | 757,414 | - | - | - | - | 757,414 |
| Other receipts | 5,731 | 155,611 | - | 10,700 | 1,482 | 177,955 |
| Total receipts | <u>763,145</u> | <u>155,611</u> | <u>-</u> | <u>10,700</u> | <u>1,482</u> | <u>1,015,568</u> |
| Disbursements: | | | | | | |
| Supplies | - | - | - | - | - | 1,476 |
| Other services and charges | - | - | - | - | - | 9,781 |
| Debt service - principal and interest | - | 138,403 | - | - | - | 138,403 |
| Capital outlay | - | - | - | - | - | 39,649 |
| Utility operating expenses | 549,762 | - | - | - | - | 549,762 |
| Other disbursements | 155,611 | - | - | 7,125 | - | 164,826 |
| Total disbursements | <u>705,373</u> | <u>138,403</u> | <u>-</u> | <u>7,125</u> | <u>-</u> | <u>903,897</u> |
| Excess (deficiency) of receipts over disbursements | <u>57,772</u> | <u>17,208</u> | <u>-</u> | <u>3,575</u> | <u>1,482</u> | <u>111,671</u> |
| Cash and investments - ending | <u>\$ 1,166,073</u> | <u>\$ 8</u> | <u>\$ 141,000</u> | <u>\$ 57,925</u> | <u>\$ 70,000</u> | <u>\$ 1,793,816</u> |

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

| | General Fund | Motor Vehicle Highway | Local Road and Street | CEDIT | Cumulative Capital Improvement | Riverboat | Cemetery |
|--|--------------------|-----------------------------|--------------------------------|------------------|--------------------------------------|-------------------|------------------|
| Cash and investments - beginning | \$ (17,945) | \$ 24,945 | \$ 16,302 | \$ 19,384 | \$ 6,000 | \$ 272,608 | \$ 37,516 |
| Receipts: | | | | | | | |
| Taxes | 3,209 | - | - | - | - | - | - |
| Intergovernmental | 3,067 | 3,785 | 1,472 | 1,239 | 393 | 44,482 | - |
| Charges for services | 340 | - | - | - | - | - | 5,410 |
| Fines and forfeits | - | - | - | - | - | - | 1,270 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 2,906 | - | - | - | - | - | - |
| Total receipts | <u>9,522</u> | <u>3,785</u> | <u>1,472</u> | <u>1,239</u> | <u>393</u> | <u>44,482</u> | <u>6,680</u> |
| Disbursements: | | | | | | | |
| Supplies | 980 | - | - | - | - | - | - |
| Other services and charges | 719 | - | - | - | - | 16,574 | - |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | 3,715 | - | - | - | - | 2,819 | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - | - |
| Total disbursements | <u>5,414</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,393</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>4,108</u> | <u>3,785</u> | <u>1,472</u> | <u>1,239</u> | <u>393</u> | <u>25,089</u> | <u>6,680</u> |
| Cash and investments - ending | <u>\$ (13,837)</u> | <u>\$ 28,730</u> | <u>\$ 17,774</u> | <u>\$ 20,623</u> | <u>\$ 6,393</u> | <u>\$ 297,697</u> | <u>\$ 44,196</u> |

TOWN OF ELIZABETH
 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 Debt Service Reserve | Water Utility Customer Deposit | Water Utility Improvement | Totals |
|--|----------------------------|------------------------------------|--|--------------------------------------|------------------------------|--------------|
| Cash and investments - beginning | \$ 1,166,073 | \$ 8 | \$ 141,000 | \$ 57,925 | \$ 70,000 | \$ 1,793,816 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 3,209 |
| Intergovernmental | - | - | - | - | - | 54,438 |
| Charges for services | - | - | - | - | - | 5,750 |
| Fines and forfeits | - | - | - | - | - | 1,270 |
| Utility fees | 767,368 | - | - | - | - | 767,368 |
| Other receipts | 27,313 | 140,371 | - | 10,300 | 1,295 | 182,185 |
| Total receipts | 794,681 | 140,371 | - | 10,300 | 1,295 | 1,014,220 |
| Disbursements: | | | | | | |
| Supplies | - | - | - | - | - | 980 |
| Other services and charges | - | - | - | - | - | 17,293 |
| Debt service - principal and interest | - | 140,353 | - | - | - | 140,353 |
| Capital outlay | - | - | - | - | - | 6,534 |
| Utility operating expenses | 705,217 | - | - | - | - | 705,217 |
| Other disbursements | 140,371 | - | - | 6,525 | - | 146,896 |
| Total disbursements | 845,588 | 140,353 | - | 6,525 | - | 1,017,273 |
| Excess (deficiency) of receipts over disbursements | (50,907) | 18 | - | 3,775 | 1,295 | (3,053) |
| Cash and investments - ending | \$ 1,115,166 | \$ 26 | \$ 141,000 | \$ 61,700 | \$ 71,295 | \$ 1,790,763 |

TOWN OF ELIZABETH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

| | General Fund | Motor Vehicle Highway | Local Road And Street | CEDIT | Cumulative Capital Improvement | Riverboat | Cemetery |
|--|------------------|-----------------------------|--------------------------------|------------------|--------------------------------------|-------------------|------------------|
| Cash and investments - beginning | \$ (13,837) | \$ 28,730 | \$ 17,774 | \$ 20,623 | \$ 6,393 | \$ 297,697 | \$ 44,196 |
| Receipts: | | | | | | | |
| Taxes | 2,973 | - | - | - | - | - | - |
| Intergovernmental | 3,084 | 4,106 | 1,509 | 792 | 431 | 55,632 | - |
| Charges for services | 2,823 | - | - | - | - | - | 5,470 |
| Fines and forfeits | - | - | - | - | - | - | 700 |
| Utility fees | - | - | - | - | - | - | - |
| Other receipts | 34,156 | - | - | - | - | - | - |
| Total receipts | <u>43,036</u> | <u>4,106</u> | <u>1,509</u> | <u>792</u> | <u>431</u> | <u>55,632</u> | <u>6,170</u> |
| Disbursements: | | | | | | | |
| Other services and charges | 2,941 | 7,516 | 1,698 | - | - | 68,680 | 10,509 |
| Debt service - principal and interest | - | - | - | - | - | - | - |
| Capital outlay | - | 563 | 21 | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - | - |
| Other disbursements | 8,000 | - | - | - | - | - | 5,500 |
| Total disbursements | <u>10,941</u> | <u>8,079</u> | <u>1,719</u> | <u>-</u> | <u>-</u> | <u>68,680</u> | <u>16,009</u> |
| Excess (deficiency) of receipts over disbursements | <u>32,095</u> | <u>(3,973)</u> | <u>(210)</u> | <u>792</u> | <u>431</u> | <u>(13,048)</u> | <u>(9,839)</u> |
| Cash and investments - ending | <u>\$ 18,258</u> | <u>\$ 24,757</u> | <u>\$ 17,564</u> | <u>\$ 21,415</u> | <u>\$ 6,824</u> | <u>\$ 284,649</u> | <u>\$ 34,357</u> |

TOWN OF ELIZABETH
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

| | Water Utility Operating | Water Utility Customer Deposit | Water Utility Bond And Interest | Water Utility Debt Service Reserve | Water Utility Cash Reserve | Water Utility Improvement | Totals |
|--|----------------------------|--------------------------------------|------------------------------------|--|-------------------------------|------------------------------|---------------------|
| Cash and investments - beginning | \$ 1,115,166 | \$ 61,700 | \$ 26 | \$ 141,000 | \$ - | \$ 71,295 | \$ 1,790,763 |
| Receipts: | | | | | | | |
| Taxes | - | - | - | - | - | - | 2,973 |
| Intergovernmental | - | - | - | - | - | - | 65,554 |
| Charges for services | - | - | - | - | - | - | 8,293 |
| Fines and forfeits | - | - | - | - | - | - | 700 |
| Utility fees | 747,608 | - | - | - | - | - | 747,608 |
| Other receipts | - | 10,862 | 137,095 | - | 27,040 | 233 | 209,386 |
| Total receipts | <u>747,608</u> | <u>10,862</u> | <u>137,095</u> | <u>-</u> | <u>27,040</u> | <u>233</u> | <u>1,034,514</u> |
| Disbursements: | | | | | | | |
| Other services and charges | - | - | - | - | - | - | 91,344 |
| Debt service - principal and interest | - | - | 137,113 | - | - | - | 137,113 |
| Capital outlay | - | - | - | - | - | - | 584 |
| Utility operating expenses | 727,474 | - | - | - | - | - | 727,474 |
| Other disbursements | 137,095 | 6,212 | - | - | 9,000 | - | 165,807 |
| Total disbursements | <u>864,569</u> | <u>6,212</u> | <u>137,113</u> | <u>-</u> | <u>9,000</u> | <u>-</u> | <u>1,122,322</u> |
| Excess (deficiency) of receipts over disbursements | <u>(116,961)</u> | <u>4,650</u> | <u>(18)</u> | <u>-</u> | <u>18,040</u> | <u>233</u> | <u>(87,808)</u> |
| Cash and investments - ending | <u>\$ 998,205</u> | <u>\$ 66,350</u> | <u>\$ 8</u> | <u>\$ 141,000</u> | <u>\$ 18,040</u> | <u>\$ 71,528</u> | <u>\$ 1,702,955</u> |

TOWN OF ELIZABETH
SCHEDULE OF RECEIVABLES
December 31, 2012

| <u>Enterprise</u> | <u>Accounts Receivable</u> |
|-------------------|--------------------------------|
| Water Utility | <u>\$ 29,208</u> |

TOWN OF ELIZABETH
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

| Description of Debt | | Ending Principal Balance | Principal and Interest Due Within One Year |
|---------------------|----------------------------|--------------------------------|---|
| Type | Purpose | | |
| Water Utility: | | | |
| Revenue bonds | Waterworks refunding bonds | <u>\$ 1,020,000</u> | <u>\$ 138,670</u> |

TOWN OF ELIZABETH
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

| | Ending Balance |
|------------------------------------|-------------------|
| Governmental activities: | |
| Land | \$ 18,000 |
| Water Utility: | |
| Land | 135,857 |
| Buildings | 1,301,341 |
| Improvements other than buildings | 6,291,968 |
| Machinery, equipment, and vehicles | 196,555 |
| Total Water Utility | 7,925,721 |
| Total capital assets | \$ 7,943,721 |

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS (Applies to Town)

The following deficiencies relating to the recordkeeping of the Town financial records were noted during the period of examination:

Posting Errors

Local tax distributions in the amount of \$7,727.63 and \$579.18 were posted to the wrong funds during 2010 and 2011, respectively.

Timely Recordkeeping

1. Monthly Town Fund Reports for the months of January 2010 to November 2011 were not prepared until December 2011. There were no monthly fund reports for 2010 and 2011 presented that were prepared by Adrian L. Hall, former Clerk-Treasurer. The monthly Fund Reports presented for examination were prepared by the Town Manager after the former Clerk-Treasurer authorized a separate user login name to provide him access to the computerized accounting records.
2. During 2010, the Town funds had total collections of \$85,540; however, the former Clerk-Treasurer only receipted and posted collections in the amount of \$43,187. The remaining collections of \$42,353 were not posted until December 2011. These collections consisted primarily of Auditor of State distributions, local tax distributions, and monthly interest, and were posted by the Town Manager after he was provided a separate login access to the computerized accounting records by the former Clerk-Treasurer.
3. During 2011, the Town funds had total collections of \$67,572.75; however, the former Clerk-Treasurer only receipted and posted collections in the amount \$33,025. The receipts posted were for collections received during the period January 1, 2011 to September 30, 2011. Of these collections, \$18,891.64 were not receipted and posted until November 30, 2011. The receipts issued for these collections did not provide a description of what the collection was for or the source of the collection. Deficiencies noted for the 2011 Town collections were corrected by the Town Manager in December 2011 after he was provided a separate login access to the computerized accounting records by the former Clerk-Treasurer.

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)

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)

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 ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS (Applies to Town)

Monthly depository reconciliations of the Town fund balances to the bank account balances for the months of January 2010 to November 2011 were not completed until December 2011. The monthly reconciliments presented for examination were prepared by the Town Manager after he was provided a separate user login name to access the computerized accounting records by Adrian L. Hall, former Clerk-Treasurer. Disbursement records show that the former Clerk-Treasurer made multiple payments to Suzy Bass during 2011 for consulting work that included reconciling banks statements; however, there were no reconciliments presented for examination that were prepared by either the former Clerk-Treasurer or by Suzy Bass.

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."

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Water Utility)

As reported in the prior Report B37252, instances were noted in which penalties, interest, and other charges were paid for failure of Adrian L. Hall, former Clerk-Treasurer, to remit taxes and other payments timely. On June 10, 2010, an Exit Conference was held with the former Clerk-Treasurer. Mr. Hall was informed at that time, if any subsequent penalties, interest, or other charges were paid for liability periods in which payments were due during his term, then those payments would be his personal obligation.

During the current examination, instances were noted again in which penalties, interest, and other charges were incurred and paid. Any penalties, interest, and other charges paid for liability periods in which remittance or payments were due subsequent to June 10, 2010 and through December 31, 2011, are being considered the personal obligation of Adrian L. Hall, former Clerk-Treasurer.

Federal Payroll Withholdings

The following penalties and interest were paid to the Internal Revenue Service for failure to timely remit federal payroll withholdings:

| <u>Liability Period</u> | <u>Penalty and Interest Paid</u> |
|-------------------------|--|
| June 30, 2011 | \$ 534.36 |
| September 30, 2011 | <u>300.99</u> |
| Total | <u><u>\$ 835.35</u></u> |

Adrian L. Hall, former Clerk-Treasurer, is being requested to reimburse the Water Utility-Operating Fund \$835.35 for penalties and interest incurred for failure to remit federal payroll withholdings timely. (See Summary of Charges, page 42)

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

State and County Payroll Withholdings

The following penalties and interest were paid to the Indiana Department of Revenue for failure to timely remit state and county payroll withholdings:

| Liability Period | Penalty and Interest Paid |
|------------------|---------------------------------|
| May 2011 | \$ <u>62.78</u> |

Adrian L. Hall, former Clerk-Treasurer, is being requested to reimburse the Water Utility-Operating Fund \$62.78 for penalties and interest incurred for failure to remit state and county payroll withholdings timely. (See Summary of Charges, page 42)

Unemployment Contributions

The following penalties and interest were paid to the Indiana Department of Workforce Development for failure to timely remit quarterly unemployment contributions:

| Liability Period | Penalty and Interest Paid |
|--|---------------------------------|
| 3rd Qtr. - 2010 | \$ 150.33 |
| 4th Qtr. - 2010 | 138.20 |
| 3rd Qtr. - 2011 | 25.47 |
| 4th Qtr. - 2011* | <u>7.64</u> |
| Total | 321.64 |
| Less amounts for contributions due after December 31, 2011: | |
| 4th Qtr.-2011 | <u>(7.64)</u> |
| Total applicable to contributions due through December 31, 2011 | <u>\$ 314.00</u> |

* = Due date for contribution was January 31, 2012.

Adrian L. Hall, former Clerk-Treasurer, is being requested to reimburse the Water Utility-Operating Fund \$314.00 for penalties and interest incurred for failure to remit quarterly unemployment contributions timely. (See Summary of Charges, page 42)

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

Sales Tax

The following penalties and interest were paid to the Indiana Department of Revenue for failure to timely remit monthly sales tax:

| Liability Period | Penalty and Interest Paid |
|------------------|---------------------------------|
| October 2010 | \$ 454.87 |
| November 2010 | 353.82 |
| January 2011 | 250.95 |
| February 2011 | 324.24 |
| June 2011 | 327.90 |
| Total | \$ 1,711.78 |

Adrian L. Hall, former Clerk-Treasurer, is being requested to reimburse the Water Utility-Operating Fund \$1,711.78 for penalties and interest incurred for failure to remit monthly sales tax timely. (See Summary of Charges, page 42)

Utility Receipts Tax

As previously reported in Report B37252, the former Clerk-Treasurer did not pay any utility receipts tax to the Indiana Department of Revenue (DOR) for the year 2009. It was also reported that the annual tax returns for 2008 and 2009 had not been filed. During the current examination period, quarterly estimated utility receipts tax were not remitted for 2010. Quarterly estimated taxes were paid for 2011; however, the taxes were not filed timely. Annual tax returns for 2008 and 2009 were not filed until April 15, 2012.

During 2011, in attempt to collect outstanding utility receipts tax owed by the Water Utility for the periods 2008, 2009, and 2010, the DOR issued tax collection warrants. Tax collection warrants were issued after Adrian L. Hall, former Clerk-Treasurer, failed to pay or dispute the amounts due within 60 days of receiving a proposed assessment (AR-80) from the DOR. All tax collection warrants were forwarded to the Harrison County Sheriff's department for collections. Additionally, a title lien in favor of the DOR was placed on the Water Utility truck as part of the collection process. As of August 31, 2011 Adrian L. Hall, former Clerk-Treasurer, had issued payments from the Water Utility for all amounts owed on the tax warrants issued.

The following penalties, interest, and collections fees were paid to the Indiana Department of Revenue for failure to timely remit utility receipts tax:

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

| <u>Liability Period</u> | <u>Penalty and Interest Paid</u> | <u>Collection Fee Paid</u> | <u>Total</u> |
|-------------------------|--|------------------------------------|--------------------|
| 2008 | \$ 350.00 | \$ 47.00 | \$ 397.00 |
| 2009 | 2,514.00 | 887.00 | 3,401.00 |
| 2010 | 2,068.00 | 934.00 | 3,002.00 |
| 1st, 2nd, 3rd Qtr. 2011 | 705.00 | - | 705.00 |
| 4th Qtr. 2011 | 8.75 | - | 8.75 |
| Totals | <u>\$ 5,645.75</u> | <u>\$ 1,868.00</u> | <u>\$ 7,513.75</u> |

Collection fees noted in the above schedule are additional fees assessed as a result of tax warrants being issued for failure to pay the tax amounts due. The collection fees could have been avoided had the former Clerk-Treasurer paid the amount due within 60 days of receiving the proposed assessment (AR-80) from the DOR.

Adrian L. Hall, former Clerk-Treasurer, is being requested to reimburse the Water Utility for penalties and interest incurred subsequent to the exit conference held on June 10, 2010. Additionally, Mr. Hall is being requested to reimburse the Water Utility for all collection fees paid. A summary of the penalties, interest, and collection fees to be reimbursed are as follows:

| <u>Liability Period</u> | <u>Penalty and Interest</u> | <u>Collection Fee</u> | <u>Total</u> |
|-------------------------|---------------------------------|---------------------------|--------------------|
| 2008 | \$ - | \$ 47.00 | \$ 47.00 |
| 2009 | - | 887.00 | 887.00 |
| 2010 | 2,068.00 | 934.00 | 3,002.00 |
| 1st, 2nd, 3rd Qtr. 2011 | 705.00 | - | 705.00 |
| 4th Qtr. 2011 | 8.75 | - | 8.75 |
| Totals | <u>\$ 2,781.75</u> | <u>\$ 1,868.00</u> | <u>\$ 4,649.75</u> |

Adrian L. Hall, former Clerk-Treasurer, is being requested to reimburse the Water Utility-Operating Fund \$4,649.75 for penalties, interest, and collection fees incurred for failure to remit utility receipts tax timely. (See Summary of Charges, page 42)

Vendor Payments

The following late fees and finance charges were paid for failure to make payments to vendors timely:

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

| Check Number | Check Date | Vendor | Late Fee/ Finance Charge Paid |
|-----------------|---------------|---|--|
| 7331 | 08-27-10 | Office Depot | \$ 31.57 |
| 7577 | 03-01-11 | Office Depot | 58.08 |
| 7644 | 04-18-11 | Edwardsville Water Corporation | 184.02 |
| 7658 | 04-26-11 | Indiana Department of Environmental Mgmt. | 64.00 |
| 7675 | 05-08-11 | Office Depot | 32.71 |
| 7773 | 07-12-11 | VISA | 27.74 |
| 7780 | 07-26-11 | VISA | 28.26 |
| 7786 | 07-26-11 | Mutual of America | 148.28 |
| 7811 | 08-10-11 | VISA | 27.31 |
| 7856 | 09-10-11 | Office Depot | 17.27 |
| 8017 | 12-23-11 | Office Depot | 47.40 |
| Total | | | <u>\$ 666.64</u> |

Adrian L. Hall, former Clerk-Treasurer, is being requested to reimburse the Water Utility-Operating Fund \$666.64 for late fees and finance charges paid for failure to make timely payments to vendors. (See Summary of Charges, page 42)

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)

IMPROPER MILEAGE REIMBURSEMENTS (Applies to Town)

Mileage Claimed to Daleville

On August 22, 2009 and September 5, 2009, checks in the amount of \$134.52 each were issued to Adrian L. Hall, former Clerk-Treasurer, for mileage reimbursements. The Accounts Payable Vouchers (APV) for both payments listed Keystone Training in the description. The mileage claims attached to the APV's were not properly completed and did not include the actual date of travel or the number of miles driven.

Keystone Software System (Keystone), located in Daleville, IN, is the software vendor for the Town and provides both in-house and on-site training. Subsequent to the prior examination, a request was made to Keystone for a listing of all dates in which they provided training for Mr. Hall. Information obtained from

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

Keystone indicated that the only time during 2009 in which Mr. Hall visited their Daleville location for training was on February 25, 2009. Mileage to Danville on February 25, 2009, was included in the mileage reimbursement claim previously paid to Mr. Hall on February 26, 2009.

As noted in the prior Report B37252, Mr. Hall was reimbursed \$134.52 on September 10, 2009, for mileage to Daleville, Indiana. Mr. Hall stated at that time that the mileage was for a second trip he made to pick-up items he had accidentally left behind from the trip for which he was reimbursed on September 5, 2010. Mr. Hall was requested during the prior examination to reimburse the Town \$134.52. The Town was subsequently reimbursed on April 15, 2011. At the completion of the prior examination, information had not yet been received from Keystone stating that February 25, 2009, was the only date in 2009 that Mr. Hall actually received training at their Daleville location.

Information provided indicates that Mr. Hall did not actually travel to Daleville as he submitted on the reimbursement claims paid on August 22, 2009 and September 5, 2009, and, therefore, was not entitled to be reimbursed for the mileage claimed. Adrian Hall, former Clerk-Treasurer, has been requested to reimburse the General Fund \$269.04 for mileage reimbursements received on August 22, 2009 and September 5, 2010. (See Summary of Charges, page 42)

Mileage Claimed to Indianapolis

On July 1, 2010, a check in the amount of \$126.72 was issued to Adrian L. Hall, former Clerk-Treasurer, for mileage reimbursement. The mileage claim stated that it was for travel from 8035 Chestnut Street Elizabeth, IN to 350 W. Maryland Street, Indianapolis, IN on June 14, 2010. The claim stated it was for travel to attend the Indiana League of Municipal Cities and Towns (ILMCT) conference. The ILMCT Annual Conference and State Board of Accounts (SBOA) School were being held in Indianapolis from June 14, 2010 to June 17, 2010 at the Marriott North Hotel. The address for the Marriott North Hotel is 3645 River Crossing Pkwy, Indianapolis. The address listed on Mr. Hall's mileage claim is the address for the Downtown Indianapolis Marriott.

A registration fee is required to attend the ILMCT conference. Information obtained from the ILMCT indicated that they did not receive any registration fees from the Town of Elizabeth or have any records of Adrian L. Hall being registered for any classes or activities during the ILMCT conference. As part of the conference, the Indiana State Board of Accounts conducted a two-day training school on June 15 and June 16, 2010. Mr. Hall's name was unable to be located on any of the registration forms which were provided at the registration table on both days of the training school.

Information provided indicates Mr. Hall did not attend the ILMCT conference and therefore was not entitled to be reimbursed for the mileage claimed. Adrian L. Hall, former Clerk-Treasurer, has been requested to reimburse the General Fund \$126.72 for mileage reimbursement received on July 1, 2010. (See Summary of Charges, page 42)

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)

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

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PERSONAL EXPENSES – CELL PHONE (Applies to Town)

Two instances were noted in which payments were made to Verizon Wireless on the personal cell phone account of Adrian L. Hall, former Clerk-Treasurer. Members of the Town Council stated they did not authorize these payments and that Mr. Hall never submitted any claims or claim dockets for approval that contained these payments. Additionally, members of the Town Council stated that prior to March 2010, Mr. Hall asked the Town Council about receiving payment for his cell phone and he was told he could not. The payments made to Verizon Wireless on the personal account of Mr. Hall were as follows:

| Check Number | Check Date | Vendor | Description | Amount |
|-----------------|---------------|------------------|--|------------------|
| 2594 | 07-12-10 | Verizon Wireless | Monthly Cell Phone Service (May 23 - June 22) | \$ 74.58 |
| 2599 | 08-03-10 | Verizon Wireless | Monthly Cell Phone Service (June 23 - July 22) | <u>67.47</u> |
| Total | | | | <u>\$ 142.05</u> |

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Adrian L. Hall, former Clerk-Treasurer, has been requested to reimburse the General Fund \$142.05 for payments made on his personal cell phone account with Verizon Wireless. (See Summary of Charges, page 42)

PAYMENTS MADE WITHOUT CONTRACTS

The following deficiencies were noted:

Aaron Calloway

During 2010, two payments totaling \$1,140 were made to Aaron Calloway by Adrian L. Hall, former Clerk-Treasurer. The Accounts Payable Voucher (APV) for these two payments did not have any supporting documentation attached. A contract for services was never presented to or approved by the Town Council. Additionally, the payments made by the former Clerk-Treasurer were never presented to the Town Council for approval. No additional information was presented to determine the actual services provided by Mr. Calloway. Details of the payments made to Aaron Calloway are as follows:

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

| Check Number | Check Date | Payee | Check Amount | Description on Accounts Payable Voucher |
|-----------------|---------------|----------------|--------------------|--|
| 2587 | 06-25-10 | Aaron Calloway | \$ 540.00 | Accounting |
| 2600 | 08-03-10 | Aaron Calloway | <u>600.00</u> | Accounting Budget |
| Total | | | <u>\$ 1,140.00</u> | |

On August 23, 2010, Adrian L. Hall, former Clerk-Treasurer, issued Town Receipt Number 911 for a cash collection received and subsequently deposited in the amount of \$1,140. The receipt listed Aaron Calloway as the person for whom the collection was received and listed "Reimbursement" as the description of the collection. No additional information was available to determine why Mr. Calloway reimbursed the Town for \$1,140.

Suzy Bass

From the period of February 1, 2011 to November 30, 2011, Adrian L. Hall, former Clerk-Treasurer, made seven payments to Suzy Bass totaling \$6,592.50 for various services. Some payments made did not have an invoice from Suzy Bass attached to the Accounts Payable Voucher (APV) to support the payment. Other payments contained an invoice from Suzy Bass attached to the APV, but the invoices were not adequately itemized to determine when the services were provided. These invoices showed a billing rate of \$90.00 per hour; however, a contract for services between the Town and Suzy Bass was never presented to or approved by the Town Council. Payments made to Suzy Bass were also not presented to the Town Council for approval.

In April 2011, the Town Council became aware that payments had been made to Suzy Bass without their approval. Upon learning this information, the Town Council issued a letter dated April 30, 2011, to Adrian L. Hall, former Clerk-Treasurer. The letter informed Mr. Hall that he has no statutory authority to enter into any financial or debt obligation, without prior approval of the Town Council and that they were aware that he had issued warrants to Suzy Bass without their approval. The letter further directed him to return any and all funds which had been paid to Suzy Bass since January 1, 2011. There were no funds returned or reimbursed for payments made to Suzy Bass and Mr. Hall continued to retain the services of Suzy Bass and make payments to her without the Town Council approval.

Details of the payments made to Suzy Bass during the period of February 1, 2011 to November 30, 2011 are as follows:

| Check Number | Payee | Check Date | Check Amount | Invoice Date | Description on Invoice and/or AP Voucher |
|-----------------|-----------|---------------|--------------------|-----------------|--|
| 2645 | Suzy Bass | 02-01-11 | \$ 540.00 | 01-25-11 | Running and Balancing W-2's, Consulting |
| 7623 | Suzy Bass | 04-09-11 | 922.50 | 04-09-11 | Reviewing sending year end reports, Qtrly reports & Consulting on reporting requirements for payroll |
| 7697 | Suzy Bass | 05-26-11 | 360.00 | 05-26-11 | End of month reports, Travel time |
| 7775 | Suzy Bass | 07-14-11 | 360.00 | 07-14-11 | End of month qtrly reports, travel time, consulting |
| 7825 | Suzy Bass | 08-17-11 | 900.00 | No Invoice | Balance Bank Statements Jan-July 2011 - No invoice |
| 7907 | Suzy Bass | 10-12-11 | 1,620.00 | 10-12-11 | Monthly/Qtrly reports, Consulting/reconciling bank statements, travel time. |
| 7980 | Suzy Bass | 11-30-11 | <u>1,890.00</u> | No Invoice | Accounting reconciliation - No invoice |
| Total | | | <u>\$ 6,592.50</u> | | |

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

In addition to the payments listed above, Mr. Hall also issued Check Number 2987 to Suzy Bass in the amount of \$3,915.00 on December 15, 2011. The invoice attached to the APV from Suzy Bass was dated December 27, 2011. Information on the invoice showed that the billing was for 43.50 hours for the following services: "run/review monthly reports, consulting/reconciling bank statements/2010 ctar, travel time."

A review of the 2011 accounting records prepared by Mr. Hall did not show that the December 15th payment had been posted to the records. Upon further review, a "History Audit Report of Deleted Transactions" report was printed from the unit's software program. This report showed that the payment transaction on December 15, 2011, had actually been added to the system and then deleted from the system by the system user "Adrian." Mr. Hall's password protected user name for the Town's software program was "Adrian."

Hugh Burns, current Clerk-Treasurer, became aware of the December 15th payment to Suzy Bass while serving as the Town Manager. Upon becoming the Clerk-Treasurer on January 1, 2012, Mr. Burns contacted the Town's bank to inquire if Check Number 2987 had cleared the account. He was informed that it had not cleared and he then authorized a stop payment be issued for Check Number 2987. Mr. Burns stated he stopped payment on the check because he could not verify the services listed on the invoice had been completed. He was unable to locate any monthly reports or bank reconcilements as listed on the invoice. Although, Mr. Burns was able to obtain a copy of the 2010 CTAR listed on the invoice, he stated the figures used in the report did not agree with any records on file. He further stated he stopped payment because the check was issued on December 15, 2011, but the invoice was dated December 27, 2011.

On January 3, 2012, Suzy Bass cashed Check Number 2987 at a financial institution in Louisville, Kentucky. On January 4, 2012, the check was received by the Town's bank; however, it was returned unpaid due to the stop payment order. Ms. Bass has subsequently contacted the Town requesting that she be paid for the services listed on her December 27, 2011 invoice. The Town continues to dispute that the services listed on the invoice were performed, and therefore has not re-issued a payment to Ms. Bass.

Elizabeth Volunteer Fire Department

On September 23, 2011, a payment in the amount of \$4,000 was made without a contract to the Elizabeth Volunteer Fire Department. The Accounts Payable Voucher (APV) did not have any supporting documentation attached. The description listed on the APV stated "Fire Protection Agreement 2008-2011." The payment made was never presented to the Town Council for approval.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, etc., 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 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL REPORTS (Applies to Town and Water Utility)

Failure to File Timely

The Annual Report for 2010 was not filed until December 28, 2011.

Deficiencies in Annual Reports

The Annual Report for 2010, 2011, and 2012 contained errors in the reporting of receipts, disbursements, cash and investment balances and other supplementary information. Adjustments to the financial statements presented were made to correct the deficiencies in the annual reports noted below:

2010:

1. Beginning cash and Investment balances of the Town funds did not include investments.
2. Town receipts in the amount of \$46,428.33 were not reported
3. Town disbursements in the amount of \$28,787 were not reported.
4. Beginning cash and investments balance reported for the Water Utility Operating Fund did not agree to the ledger.
5. Receipts of the Water Utility Operating Fund were overstated by \$2,278,400.77
6. The following Water Utility Funds were not included: Bond and Interest, Debt Service Reserve, Customer Deposit, and Improvement.
7. Receipts and disbursements were not properly classified.

2011:

1. Beginning cash and Investment balances of Town funds did not include investments.
2. Beginning cash and investments balance reported for the Water Utility Operating Fund did not agree to the ledger.
3. The following Water Utility Funds were not included: Bond and Interest, Debt Service Reserve, Customer Deposit, and Improvement.
4. Disbursements were not properly classified.
5. Supplementary capital assets information reported was incorrect.

2012:

1. Supplementary debt information was reported incorrectly.
2. The balance reported for the supplementary accounts receivable information was incorrect.

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-4(a) states:

"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."

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)

OVERDRAWN CASH BALANCES (Applies to Town)

The cash balance of the General Fund was overdrawn by \$17,945 and \$13,837 at December 31, 2010 and 2011, respectively.

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

APPROPRIATIONS (Applies to Town)

For the ensuing budget years 2010, 2011, and 2012, Adrian L. Hall, former Clerk-Treasurer, failed to present a report of budget estimates to the Town Council. Without the budget estimate, the Town Council was unable to prepare and approve a budget ordinance fixing the rate of taxation for the annual budget and make appropriations for the budget years. During 2012, the Town Council did approve additional appropriations which were subsequently approved by the Department of Local Governmental Finance. However, for 2010 and 2011, there were no budget appropriations or additional appropriation approved by either the Town Council or the Department of Local Governmental Finance. As a result the following expenditures were made without approved budgeted appropriations:

| Fund | 2010 | 2011 |
|-----------------------|-----------|----------|
| General | \$ 24,423 | \$ 5,414 |
| Motor Vehicle Highway | 2,862 | - |
| Riverboat | 25,711 | 19,393 |

Indiana Code 36-5-3-4 states in part:

"The town fiscal officer shall present the report of budget estimates to the town legislative body under IC 61.1-17. After reviewing the report, the legislative body shall prepare an ordinance fixing the rate of taxation for the ensuing budget year and an ordinance making appropriations for the estimated department budgets and other town purposes during the ensuing budget year. . . ."

Indiana Code 36-5-3-5 states in part: ". . . the town legislative body may make further or additional appropriations by ordinance . . ."

TOWN OF ELIZABETH
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."

ADVANCE PAYMENTS OF SALARIES AND WAGES (Applies to Town and Water Utility)

During 2010 and 2011, instances were noted in which the monthly payments of salaries to the Clerk-Treasurer and Town Council were made in advance. Advance payments ranged from 20 to 60 days to the Clerk-Treasurer and 20 to 30 days to the Town Council.

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or received their salaries in advance."

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received 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 (Applies to Town and Water Utility)

The following deficiencies were noted on claims during 2010 and 2011:

1. Claims were not prepared for all disbursements.
2. Claims were not always adequately itemized with supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.
3. Claims did not always contain the signature of the Clerk-Treasurer that the claims had been audited and is true and correct.
4. All claims did not have board approval. For the period of April 2010 to December 2011, Adrian L. Hall, former Clerk-Treasurer, failed to prepare and present to the Town Council a monthly Allowance of Accounts Payable Vouchers report for their approval. As a result, the former Clerk-Treasurer was making payments without the Town Council approval. On October 2, 2010, the Town Council passed Ordinance 2010-7, which established the procedures for the Clerk-Treasurer to follow to pay claims. The ordinance stated it was the Town Council's desire to prevent the payment of claims by the Clerk-Treasurer without Town Council approval. Although Mr. Hall approved and signed the ordinance, he continued to make payments subsequent to October 2, 2010, without the Town Council approval.

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;

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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."

TOWN EXPENSES PAID BY THE WATER UTILITY (Applies to Town and Water Utility)

Town Payroll Expenses

All payroll expenditures are made from the Water Utility throughout the year. By the end of each year, transfers are to be made to reimburse the Water Utility for salaries that are the responsibility of the Town. Town Payroll expenditures for 2010, 2011, and 2012, were \$12,057.26, \$13,086.11, and \$4,976.56, respectively. There were no transfers made to reimburse the Water Utility for the Town salaries paid in 2010 or 2011. On February 17, 2013, the Town reimbursed the Water Utility \$4,350 for a portion of the 2012 salaries paid. The remaining balance owed by the Town to the Water Utility for unreimbursed salaries attributed to 2010, 2011, and 2012, is \$25,769.93. Additionally, as previously reported, the Town had not reimbursed the Utility for Town salaries in the amount of \$14,102.01 attributed to 2008 and 2009. As of December 31, 2012, the Town owes the Water Utility \$39,871.94 for unreimbursed Town payroll expenditures. The Town should reimburse the Water Utility \$39,871.94 for the unreimbursed Town payroll expenditures.

Town Operating Expenses

Funds were disbursed from the Water Utility - Operating Fund for various unrelated nonpayroll Town expenses. These expenses included amounts paid for street lighting, cemetery expenses, fire protection, sanitation contract, and tree removal services. From the period May 17, 2011 to December 31, 2011, the former Clerk-Treasurer paid all Town expenses from the Water Utility - Operating Fund. An in-depth review of expenses paid during 2011 by the Water Utility on behalf of the Town for non-payroll expenses showed a total of \$25,310.22 had been paid for unrelated Town expenses. The Town should reimburse the Water Utility - Operating Fund \$25,711.88 for these unrelated Town expenses. Additionally, Officials should conduct an in-depth review of expenses paid by the Water Utility during 2010 and 2012 to determine if any other unrelated Town expenses had been paid by the Utility that should also be reimbursed.

Shared Expenses

During the examination period, instances were noted in which payments were paid by the Water Utility - Operating Fund for expenditures shared by both the Town and Water Utility. These disbursements included amounts for property/liability insurance, software maintenance agreements, and legal fees. There was no information provided as to why these expenses were not prorated between the Town and Water Utility. Officials should review all disbursements made by the Water Utility during the examination period and properly allocate any shared expenses. The Town should then reimburse the Water Utility for its prorated share of these expenses.

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***LOAN FROM WATER UTILITY IN ANTICIPATION OF TAXES
TO BE COLLECTED (Applies to Town and Water Utility)***

A loan of \$8,000 was made in 2012 from the Water Utility to the Town in anticipation of taxes to be levied and collected during the year. A temporary loan from a utility owned by a municipality is permissible; however, the loan may not exceed 50 percent of the estimated taxes to be collected. The actual taxes collected during 2012 were \$3,574.

Indiana Code 8-1.5-3-12 states:

"(a) A municipality may, by ordinance of its legislative body, borrow money from a utility owned by the municipality for any of the following purposes:

- (1) Current purposes in anticipation of taxes levied and to be collected during the current or following year.
 - (2) Carrying out an eligible efficiency project (as defined in IC 36-9-41-1.5) within the municipality.
- (b) The board may by resolution lend money to the municipality if the utility has on hand:
- (1) a surplus of cash exceeding by at least the amount loaned the sum of all amounts required to pay the indebtedness of the utility falling due during the current calendar year and the following year;
 - (2) the amount necessary to meet current expenses during the year; and
 - (3) the amount necessary to pay for improvements contemplated to be made during the current calendar year minus the estimated receipts during the calendar year.
- (c) A loan made under subsection (a)(1) may not be made for a sum in excess of fifty percent (50%) of the amount estimated to be collected from anticipated taxes.
- (d) A loan under this section:
- (1) must be evidenced by an obligation of the municipality;

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (2) must be signed by the executive;
- (3) is due:
 - (A) on or before thirty (30) days after the last day for the payment of anticipated taxes in the case of a loan made under subsection (a)(1); and
 - (B) on a date determined by the board (but not more than six (6) years after the date of the loan), in the case of a loan made under subsection (a)(2); and
- (4) may bear interest at any rate as determined by the board, payable at maturity."

TRANSFER FROM WATER UTILITY CASH RESERVE FUND (Applies to Water Utility)

On June 17, 2011, the Town Council adopted Ordinance No. 2011-6 creating a Cash Reserve Fund for the municipally owned Water Utility. The creation of the Cash Reserve Fund allows for the surplus earnings of the Utility to be transferred in to this fund. Any balance in the Cash Reserve Fund at June 30 of the current year can then be included in the budget of the Town's General Fund as revenue in lieu of taxes and then transferred to the General Fund in the calendar year for which the budget was adopted. Additionally, if during the year for which the final budget was approved, an emergency arises requiring additional appropriations in the General Fund, the Town Council, by ordinance, may transfer to the General Fund any accumulated balance added to the Cash Reserve Fund since June 30, of the preceding year to provide for these additional appropriations.

On May 12, 2012, the Town Council adopted Ordinance 2012-4 authorizing the transfer of \$9,000 from the Water Utility Cash Reserve Fund to the Town's General Fund. The ordinance stated the transfer was needed to repair the current red ink of the General Fund. For 2012, the Town did not have an approved budget and therefore no provisions existed to make a permanent transfer of the surplus earnings from the Water Utility Cash Reserve Fund to the Town's General Fund.

Indiana Code 8-1.5-3-11 states in part:

"(a) The money belonging to each municipally owned utility shall be kept by municipal fiscal officer as separate funds as required by any bond ordinance or accounting procedure established by the commission or the state board of accounts. The municipal legislative body, with the approval of the board, may transfer surplus earnings of the utility to the general fund. . . .

(b) A cash reserve fund shall be created by ordinance and carried on the records of the utility or utilities by providing for monthly contributions or transfers to the cash reserve fund of surplus earnings of the utility or utilities. . . .

(d) After creation of the cash reserve fund, the legislative body may include in the municipal general fund budget, as revenue in lieu of taxes, an amount equal to the actual balance in the cash reserve fund as of June 30 of the current year. However, the available cash reserve fund balance may be transferred to the municipal general fund only during the calendar year for which the budget was adopted, and transfers may not be made from any utility funds to the general fund except from the cash reserve fund.

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

(e) If at any time after the final approval of the budget an emergency should arise for further appropriations from the general fund, the legislative body may, by ordinance transfer additional money from the cash reserve fund to the general fund to provide for the additional appropriations, the transfer to be limited to the accretions to the cash reserve fund since the preceding June 30."

SALES TAX (Applies to Water Utility)

A review of the monthly sales tax remittances to the Indiana Department of Revenue indicated that the amounts reported for "Total Sales" and "Exemptions/Deductions" were not always correct. As a result, for some months the amount calculated and paid for sales tax owed was incorrect. Officials were instructed to contact the Indiana Department of Revenue to determine the procedures required for filing corrected monthly sales tax returns.

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)

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)

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)

OFFICIAL BOND (Applies to Town)

Adrian L. Hall former, Clerk-Treasurer, was covered under the following Official Bonds:

| Name | Title | Bond Company | Term | Coverage | Bond Number |
|----------------|-----------------|-------------------------------|----------------------|-----------|-------------|
| Adrian L. Hall | Clerk-Treasurer | Auto Owners Insurance Company | 01-01-08 to 12-31-11 | \$ 15,000 | 252001 |
| Adrian L. Hall | Clerk-Treasurer | Auto Owners Insurance Company | 12-31-08 to 12-31-12 | 15,000 | 252005 |

The amount of coverage is insufficient per the Indiana Code.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.

TOWN OF ELIZABETH
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
 - (4) Township trustees.
 - (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
 - (6) Township assessors (if any).
- (b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).
- (c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:
- (1) The amount 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) unless the fiscal body approves a greater amount for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000).
- (d) Except as provided in subsection (j), a controller of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) shall file an individual surety bond in an amount:
- (1) fixed by the board of directors of the solid waste management district; and
 - (2) that is at least thirty thousand dollars (\$30,000).
- (e) Except as provided under subsection (d), a person who is required to file an individual surety bond by the board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5 (before its repeal) shall file a bond in an amount fixed by the board of directors."

TOWN OF ELIZABETH
EXIT CONFERENCE

The contents of this report were discussed on May 14, 2013, with Christopher Fetz, President of the Town Council; Hugh Burns, Clerk-Treasurer; and Tina Attig, Utility Billing Clerk. The officials indicated that they would be responding to the report but no Official Response was received.

After attempts to contact Adrian L. Hall, former Clerk-Treasurer, by phone failed, a certified letter was sent to Mr. Hall on April 23, 2013, informing him that the examination had been completed and granting him the opportunity to attend an exit conference to discuss our findings. Mr. Hall signed for the certified letter on April 27, 2013, but never made any contact to indicate that he wished to attend an exit conference.

TOWN OF ELIZABETH
SUMMARY OF CHARGES

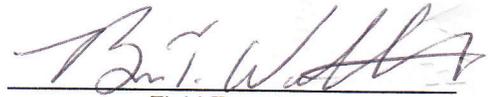
| | <u>Charges</u> | <u>Credits</u> | <u>Balance Due</u> |
|--|------------------------|-----------------|------------------------|
| Adrian L. Hall, former Clerk-Treasurer: | | | |
| Penalties, Interest, and Other Charges: | | | |
| Federal Payroll Withholdings, page 24 | \$ 835.35 | \$ - | \$ 835.35 |
| State and County Payroll Withholdings, page 25 | 62.78 | - | 62.78 |
| Unemployment Contributions, page 25 | 314.00 | - | 314.00 |
| Sales Tax, page 26 | 1,711.78 | - | 1,711.78 |
| Utility Receipts Tax, page 26 and 27 | 4,649.75 | - | 4,649.75 |
| Vendor Payments, page 27 and 28 | <u>666.64</u> | <u>-</u> | <u>666.64</u> |
| Total - Penalties, Interest, and Other Charges | <u>8,240.30</u> | <u>-</u> | <u>8,240.30</u> |
| Improper Mileage Reimbursements: | | | |
| Mileage Claimed to Daleville, page 28 and 29 | 269.04 | - | 269.04 |
| Mileage Claimed to Indianapolis, page 29 and 30 | <u>126.72</u> | <u>-</u> | <u>126.72</u> |
| | | | - |
| Total - Improper Mileage Reimbursements | <u>395.76</u> | <u>-</u> | <u>395.76</u> |
| Personal Expenses - Cell Phone, page 30 | <u>142.05</u> | <u>-</u> | <u>142.05</u> |
| Totals | <u>\$ 8,778.11</u> | <u>\$ -</u> | <u>\$ 8,778.11</u> |

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

AFFIDAVIT

STATE OF INDIANA)
)
Floyd COUNTY)

I, Brian T. Watkins, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Elizabeth, Harrison County, Indiana, for the period from January 1, 2010 to December 31, 2012, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 28 day of May, 2013.



Clerk of the Circuit Court