

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SUMMITVILLE

MADISON COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED
08/15/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Federal Findings:	
Finding 2013-001 - Internal Controls Over Financial Transactions and Reporting.....	6
Finding 2013-002 - Internal Controls Over the Schedule of Expenditures of Federal Awards	7-8
Finding 2013-003 - Internal Controls Over Equipment and Real Property Management.....	8-9
Corrective Action Plan	10-11
Audit Results and Comments:	
Condition of Records.....	12
Personal Expenses Health Insurance Premiums	12-13
Delinquent Wastewater Accounts	13
Board Minutes Missing.....	14
Promotion of Business Ordinance	14
Slot Machine Wagering Fund.....	14-15
Credit Cards	15-16
Annual Report	16
Official Response.....	17
Exit Conference	18
Police Department:	
Audit Result and Comment:	
Collection of Amounts Due	20
Exit Conference	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kelley Kornbroke	01-01-12 to 12-31-15
President of the Town Council	Bart Matney	01-01-12 to 12-31-14
Superintendent of Wastewater Utility	Tom Marshall	01-01-12 to 12-31-14
Town Marshal	Anthony Hendrick (Vacant) Jydell Cook (Interim)	01-01-12 to 11-25-13 11-26-13 to 12-22-13 12-23-13 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE TOWN OF SUMMITVILLE, MADISON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Summitville (Town), for the period from January 1, 2012 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Town, which provides our opinions on the Town's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

June 18, 2014

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF SUMMITVILLE

CLERK-TREASURER
TOWN OF SUMMITVILLE
FEDERAL FINDINGS

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. **Lack of Segregation of Duties:** Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.
4. **Posting Error of Receipts:** The Town has no control in place to determine whether receipts are recorded in the correct fund. There were five instances where a state, county, or wastewater/trash distribution was not recorded to the correct funds.
5. **Incomplete Record of State Revolving Fund Activity:** The Town did not have controls in place to assure that all activity is recorded in the financial records. There were seven drawdowns received from the State Revolving Fund for the wastewater project, and the corresponding disbursements, that were not recorded in the financial records, and therefore, did not appear on the financial statement presented for audit. The Town requested and approved an adjustment to receipts and disbursements to the 2013 Wastewater SRF Construction fund in the amount of \$199,809.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

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)

CLERK-TREASURER
TOWN OF SUMMITVILLE
FEDERAL FINDINGS
(Continued)

***FINDING 2013-002 - INTERNAL CONTROLS OVER THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

We noted several deficiencies in the internal control system of the Town related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of SEFA reporting objectives. The Town has not separated incompatible activities related to the recording of federal receipts, federal disbursements, preparation, and approval of the SEFA. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing SEFA: Effective internal control over federal reporting involves properly identifying the federal portion of funds received and disbursed, the grant CDFA numbers, the federal grantor agency, the grant program name, and the pass-through entity. The Town has not identified risks to the preparation of a reliable SEFA and, as a result, has failed to design effective controls over the preparation of the SEFA to prevent or detect material misstatements, including notes to the SEFA. The Town requested and approved adjustments decreasing the total expenditures reported on the SEFA by the amount of \$166,669. The Town also requested and approved adjustments to two federal agencies, one pass-through entity, one cluster, three program names, two CFDA numbers, and two identifying numbers.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

CLERK-TREASURER
TOWN OF SUMMITVILLE
FEDERAL FINDINGS
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2013-003 - INTERNAL CONTROLS OVER EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's
Program and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number): CF-12-101

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and one of the compliance requirements that have a direct and material effect to the program. This includes the compliance requirement Equipment and Real Property Management. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

CLERK-TREASURER
TOWN OF SUMMITVILLE
FEDERAL FINDINGS
(Continued)

As a result of not establishing internal controls, a capital asset inventory has not been maintained as required. A capital asset inventory record would contain capital asset additions, disposals, and balances, which separately identify items acquired with federal funds. Without adequate accounting records, periodic physical inventories cannot be compared to property records. Additionally, the Town cannot adequately implement safeguards to prevent loss, damage, or theft of the property without these controls and records.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

24 CFR 85.32 (d) states in part:

"Management requirements, Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements related to Equipment and Real Property Management.

TOWN OF SUMMITVILLE

CLERK/TREASURER: KELLEY KORN BROKE

TOWN COUNCIL MEMBERS: BART MATNEY, CURTIS BLALOCK, SCOTT KORN BROKE, DEWAYNE PRESLEY, BRODY STITT
109 SOUTH MAIN STREET, P.O. BOX 368, SUMMITVILLE, INDIANA 46070

Telephone: 765.536.2802/Fax: 765.536.2477

Email: summitville_clktreas@yahoo.com

CORRECTIVE ACTION PLAN

FINDING 2013-001

Contact Person Responsible for Corrective Action: Kelley Kornbroke

Contact Phone Number: 765-536-2802

Description of Corrective Action Plan:

We are a small, local governmental unit and it is not reasonable to hire enough staff to adequately segregate all duties; however we are in the process of hiring a departmental manager who could provide additional oversight in several areas of our internal controls. The Clerk Treasurer's office plans to provide monthly bank reconciliations along with fund, appropriation and revenue reports to the Council. Also, we are utilizing the service of a consultant to assist with periodic review of our financial records for better internal controls.

FINDING 2013-002

Contact Person Responsible for Corrective Action: Kelley Kornbroke

Contact Phone Number: 765-536-2802

Description of Corrective Action Plan:

We are a small, local governmental unit and it is not reasonable to hire enough staff to adequately segregate all duties; however we are in the process of hiring a departmental manager who could provide additional oversight in several areas of our internal controls. The Clerk Treasurer's office plans to provide monthly bank reconciliations along with fund, appropriation and revenue reports to the Council. Also, we are utilizing the service of a consultant to assist with periodic review of our financial records for better internal controls.

FINDING 2013-003

Contact Person Responsible for Corrective Action: Kelley Kornbroke

Contact Phone Number: 765-536-2802

Description of Corrective Action Plan:

The Town has recently started to document our capital assets. We have records from 1988-2001 for wastewater utility and we have discussed the Town's capital assets deficiency with our consultant. We currently have a plan to continue developing our capital asset system but if we see that we cannot complete it on our own we have the name and number of a company who we will seek to assist us.

Anticipated Completion Date:

The goals of the Council and Clerk Treasurer are to have improved internal controls and to complete our capital assets ledger by December 31, 2014.

Kelly Kambrooke
(Signature)

Clerk Treasurer
(Title)

6-18-14
(Date)

CLERK-TREASURER
TOWN OF SUMMITVILLE
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for audit were not reflective of the activity as described below.

Some of the deficiencies include:

1. Posting errors:
 - a. The August 2012 MVH state distribution in the amount of \$1,094.81 was incorrectly posted to the Local Road and Street fund.
 - b. The December 2012 Financial Institution Tax (FIT) and CVET distributions in the amounts of \$46.53 and \$13.15, respectively, for the Motor Vehicle Highway (MVH) fund were incorrectly posted to the Park and Recreation fund. Also, the December 2012 FIT and CVET distributions in the amounts of \$20.72 and \$5.85 for the Park and Recreation fund were incorrectly posted to the MVH fund.
 - c. The December 2013 License Excise distribution in the amount of \$396.62 for the Park and Recreation fund was incorrectly posted to the MVH fund.
 - d. At one point, Indiana American Water (IAW) was collecting wastewater and sanitation fees for the Town. IAW would then distribute the fees collected to the Town. For the collection of fees from July 16, 2012 to July 22, 2012, and August 3, 2012 to August 17, 2012, the sanitation fees were posted to the Wastewater Utility Operating fund in the amounts of \$1,620.97 and \$1,972.13, respectively.
2. Checks and receipts not recorded in the records:
 - a. There were State Revolving Fund (SRF) transactions for the Wastewater Project that were not recorded in the Town's financial records. There were \$199,809 in receipts and disbursements that were not recorded. Due to materiality of the fund, an adjustment is required for the financial statement to be materially correct.

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)

PERSONAL EXPENSES HEALTH INSURANCE PREMIUMS

During the audit period, the Town Council approved and subsequently paid for health insurance premiums for employees' personal insurance policies. The Town was billed for health insurance premiums for three of its employees under a "List Bill" agreement and one employee's policy was billed directly to the employee. The Town can provide group coverage in accordance with Indiana Code 5-10-8. None of the policies were considered to be group coverage policies. The "Employee List Bill Agreement" specifically stated the following:

CLERK-TREASURER
TOWN OF SUMMITVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

" . . . This is not small group coverage."

"Your employer is not contributing in any way toward the payment of your premium."

"Your employer will deduct 100% of the premium for your individual health insurance coverage from your paycheck and submit it directly to the Insurance Company on your behalf."

However, during 2012 and 2013, the Town paid for all but \$15 of three of the employees' monthly health insurance premium. The other employee had no deductions made and the Town paid for all of the monthly health insurance premium. The premiums were paid directly to the insurance companies from Town funds. The amount of insurance premiums paid by the Town for the employees' personal insurance policies for 2012 and 2013 was \$33,390 and \$25,162.24, respectively.

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

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

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

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May."

CLERK-TREASURER
TOWN OF SUMMITVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

BOARD MINUTES MISSING

The minutes of the meetings of the governing body were not presented for all meetings. There were eight meetings held for which minutes were not presented for audit.

Indiana Code 5-14-1.5-4(b) states:

"As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

PROMOTION OF BUSINESS ORDINANCE

The Town Council approved and subsequently purchased a Town Hall clock. This clock was given to the Town Marshal to commemorate his years of service to the Town. After further discussion with the Council, the intention of the Council was to present the clock to the Town Marshal and for him to keep the clock. The Town did not have a Promotion of Business Ordinance, which could authorize giving a gift such as this.

Indiana Code 36-7-2-7 allows cities and towns to promote economic development and tourism. Such statute replaced a prior law which authorized cities and towns to budget and appropriate funds from the general fund to pay the expense of, or to reimburse the city or town officials as the case may be, for expenses incurred in promoting the best interest of the city or town. Accordingly, a Home Rule ordinance needs to be adopted in accordance with Indiana Code 36-1-3 in order to enable a city or town to pay for such expenses. Additionally, an appropriation for such expenses must also be obtained. (Cities and Towns Bulletin, March 2012, page 4)

SLOT MACHINE WAGERING FUND

Slot machine wagering distributions received in 2012 were receipted into the Riverboat fund. Effective July 1, 2009, a separate fund was to be established for slot machine wagering monies. The Town did not establish such a fund until 2013. The slot machine wagering monies were comingled with riverboat monies and disbursements made from the Riverboat fund did not distinguish the type of monies used. Therefore, the amount of slot machine wagering monies remaining in the Riverboat fund could not be determined.

CLERK-TREASURER
TOWN OF SUMMITVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-8-9.2 states:

"(a) Each unit that receives:

- (1) tax revenue under IC 4-35-8.5; or
- (2) revenue under an agreement to share the tax revenue under IC 4-35-8.5 by another unit;

shall establish a fund, separate from the unit's general fund, into which the revenue shall be deposited. Money in the fund may be used for any legal or corporate purpose of the unit.

(b) The fund established by subsection (a) shall be administered by the unit's treasurer, and the expenses of administering the fund shall be paid from money in the fund. Money in the fund not currently needed to meet the obligations of the fund may be invested in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund. Money in the fund at the end of a particular fiscal year does not revert to the unit's general fund."

CREDIT CARDS

The Town was using store credit cards to purchase items without an approved credit card policy. The Town has store credit cards for Staples, Lowes, and Wex Fleet that are used by multiple employees to make purchases. The Clerk-Treasurer started holding the Wex Fleet card and signing it out utilizing a log during 2012.

The Indiana State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.

CLERK-TREASURER
TOWN OF SUMMITVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

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

ANNUAL REPORT

The Annual Report for 2012 was not filed electronically until July 19, 2013.

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."

TOWN OF SUMMITVILLE

CLERK/TREASURER: KELLEY KORNBROKE

TOWN COUNCIL MEMBERS: BART MATNEY, CURTIS BLALOCK, SCOTT KORNBROKE, DEWAYNE PRESLEY, BRODY STITT
109 SOUTH MAIN STREET, P.O. BOX 368, SUMMITVILLE, INDIANA 46070

Telephone: 765.536.2802/Fax: 765.536.2477

Email: summitville_clktreas@yahoo.com

Official response to 2012-2013 Audit Results and Comments

Personal Expenses Health Insurance Premiums

In the fall of 2012 the current Clerk Treasurer became aware of the list bill issue and alerted the Council members to the situation and ensuing need to correct it. The Council searched for a way to comply with Indiana Code to correct the situation in a way that the employees would not be negatively impacted financially. Many options were explored during the course of the year 2013, but no resolution was found until the health care reform began to take shape and the Council was able to create a plan to be enacted in 2014. In January 2014 a health care stipend was implemented for employees through the payroll process.

Delinquent Wastewater Accounts

In 2014 policies and procedures are being set in place for Wastewater billing operations which will include a lien process that will be implemented.

Collection of Amounts Due

During the audit exit conference the field examiner stated that she will attempt further contact with Mr. Hendrick, former town marshal and suggested the Town follow up on collecting the funds. Previous audit/examination reports (B-30657, B-25944, B-20911, B-12631, B-08541, A-96629) indicated not only many instances of untimely remittance of gun permit collections but also several receipts and collections that were never remitted to the Clerk Treasurer's Office.

CLERK-TREASURER
TOWN OF SUMMITVILLE
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2014, with Kelley Kornbroke, Clerk-Treasurer; Pam Fields, Deputy Clerk-Treasurer; Bart Matney, President of the Town Council; and Scott Kornbroke, Council member.

POLICE DEPARTMENT
TOWN OF SUMMITVILLE

POLICE DEPARTMENT
TOWN OF SUMMITVILLE
AUDIT RESULT AND COMMENT

COLLECTION OF AMOUNTS DUE

During the examination of gun permit receipts in the Town Marshal's Office, we found two receipts totaling \$100 that were not remitted to the Clerk-Treasurer's Office.

We recommended the Town officials seek collection of the \$100 from the former Town Marshal.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

POLICE DEPARTMENT
TOWN OF SUMMITVILLE
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2014, with Kelley Kornbroke, Clerk-Treasurer; Pam Fields, Deputy Clerk-Treasurer; Bart Matney, President of the Town Council; and Scott Kornbroke, Council member.

The contents of this report were also discussed on June 19, 2014, with Anthony Hendrick, former Town Marshal.