

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF FISHERS

HAMILTON COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
08/29/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Gaye Cordell	01-01-12 to 12-31-14
Town Manager	Scott Fadness	01-01-13 to 12-31-14
President of the Town Council	John Weingardt	01-01-13 to 12-31-14
Director of Public Works	Eric Pethel	01-01-13 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF FISHERS, HAMILTON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Fishers (Town), for the period from January 1, 2013 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 the Comprehensive Annual Financial Report and Supplemental Audit of Federal Awards reports of the Town, which provides our opinions on the Town's financial statement and federal program compliance. These reports may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment 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 Result and Comment contained herein describes 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 Finding and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

June 24, 2014

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CLERK-TREASURER  
TOWN OF FISHERS

CLERK-TREASURER  
TOWN OF FISHERS  
FEDERAL FINDING

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

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

The Town has not established effective controls to allow the proper reporting of the Town's receipts, disbursements, and cash and investment balances. Although the Town has established a Ledger of Receipts, Disbursements, and Balances, known as the General Ledger, the Town has elected to place certain debt proceeds into trust accounts or escrow accounts, and these accounts have not been made part of the General Ledger for the Town. As a result, these accounts are not included in the monthly reconciliation process, nor are any separate reconciliements completed for these funds. The General Ledger is understated by these accounts. At year end, the accounts must be added to the Town's General Ledger in order to prepare complete financial statements. The Town has not established effective controls to ensure that all funds are included on the financial statements.

The financial statements presented for audit included the following errors or omission:

1. The Town had placed funds totaling \$1,964,700 from short-term borrowing by the Wastewater Utility into an escrow account. Although this transaction should have been presented as cash with a fiscal agent, this balance was not included on the financial statements. In addition, the financial statements failed to present the incurred debt for the same amount.
2. The Construction in Progress and the Accounts Payable balance were both understated by \$858,010. The debt proceeds for the Fishers Station capital project were placed in a trust account that was not part of the General Ledger. The Town tracked construction projects and prepared the accounts payable listing from reports generated by the financial software, however, because the trust accounts were not part of the General Ledger, they were not included on the reports generated for either the Accounts Payable balance or the Construction in Progress balance.

The Town approved and made the necessary adjustment to correct these errors.

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)



CORRECTIVE ACTION PLAN

Finding 2013-001

Contact Person Responsible for Corrective Action: Linda Gaye Cordell  
Contact Phone Number: 317-595-3145

Description of Corrective Action Plan:

To move all noted items into the Clerk-Treasurer Office. This has been a very difficult issue with my office as the Town Manager has created a department to handle all loan and bonds, and TIF transactions. They have failed with their accuracy and now it falls upon my office. We will diligently move all to my area as soon as possible, hopefully with their full cooperation.

Anticipated Completion Date: December 31, 2014

*Linda Gaye Cordell*  
\_\_\_\_\_  
(Signature)

*CLERK-TREASURER*  
\_\_\_\_\_  
(Title)

*JUNE 27, 2014*  
\_\_\_\_\_  
(Date)

CLERK-TREASURER  
TOWN OF FISHERS  
EXIT CONFERENCE

The contents of this report were discussed on June 24, 2014, with Linda Gaye Cordell, Clerk-Treasurer; John Weingardt, President of the Town Council; and Angie Cornelius, Deputy Clerk-Treasurer.

TOWN COURT  
TOWN OF FISHERS

TOWN COURT  
TOWN OF FISHERS  
AUDIT RESULT AND COMMENT

***CONDITION OF RECORDS***

Financial records presented for audit were incomplete and not reflective of the activity of the Town Court. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

We noted the use of an account entitled "Bank Account Discrepancy Fund" on the ledger which has a balance at December 31, 2013, of (\$512.12). The effect of this account is to reduce the total court funds balance; however, the source of this account balance is not identified. In addition, the bank reconciliation at December 31, 2013, shows the adjusted bank balance to be long \$132.23 to the total courts fund balance. The net effect of the negative account balance and the amount determined by the bank reconciliation, makes the total amount of the unidentified variance is (\$379.90).

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)



July 3, 2014

State Board of Accounts  
302 W. Washington St., Room E418  
Indianapolis, IN 46204-2765  
ldavid@sboa.in.gov

### OFFICIAL RESPONSE

We have received and reviewed the State Board of Accounts report of audit for the Fishers Town Court, and have prepared the following letter to address issues identified.

The specific issue raised by the State Board of Accounts involves the Court's Bank Account Discrepancy Fund, as such fund is allowed under the Court's Odyssey Software provided by the State Judicial Technology and Automation Committee. The Fund had been used as a repository for "miscellaneous" items which did not easily fit into any other accounts provided by Odyssey.

The following items in the Bank Account Discrepancy Fund partially comprise the (\$512.12) balance. Many of the entries were made due to the nature of the credit card deposits schedule and their refund process, which created an issue of deposits made to the Court's bank account that included overpayments by defendants; the defendant's refunds were then withheld in another deposit, days later, which sometimes meant the following month. Each bank reconciliation discrepancy entry should have been reversed the following month.

Items that could or should have been reversed the month following the entry have now been reversed. They are:

7/31/12: Reconciliation difference for July 2012 – bank statement was \$174.00 more than the ending balance in Odyssey. The entry was reversed on 6/25/14.

1/11/13: On 11/28/12, the credit card vendor experienced technical difficulties, resulting in a delay of depositing funds into Court's bank account. There was \$103.77 more in Odyssey for the month of November than on the bank statement. The deposit was made in December 2012. (The November bank statement was reconciled in Jan. 2013 due to medical leave.) The entry of \$103.77 was reversed on 6/25/14.

Reconciliation difference for Nov. 2012 – Odyssey ending balance was \$42.28 more than the bank statement. The entry of \$42.28 was reversed on 6/25/14.

1/11/13: Reconciliation difference for Dec. 2012 – Bank statement balance was \$42.50 more than Odyssey ending balance. Entry was reversed on 6/25/14.

2/7/13: Reconciliation difference for Jan. 2013 – bank statement balance was \$15 more than Odyssey ending balance. Entry was reversed on 6/25/14.

7/11/13: Reconciliation difference for June 2013 – bank statement was \$101.22 more than Odyssey ending balance. Entry was reversed on 6/25/14.

The following items that partially comprise the (\$512.12) balance are pending refund. They are:

March 2012 Monthly bank maintenance fee of \$52.06

April 2012 monthly bank maintenance fee of \$35.74

Nov. 2012 Auto withdrawal of payment of \$61.49 for deposit slips by Deluxe.

These amounts reflect difficulties in the initial set up of the Court's bank account, in that our bank did not recognize that funds could not be taken from the Court's account for any expenses related to the operations of the Court. Despite having contacted the bank on several occasions to reverse the maintenance fees, that has not been done. If one final attempt is unavailing, we will submit an invoice for payment to the Fishers Clerk-Treasurer. An invoice has been procured and a claim submitted to the clerk-treasurer's office for refund for the Deposit slips. While these entries need to be corrected, the Fishers Town Court has not experienced any issues with the operation of our accounts since November of 2012.

There are entries in the Bank Account Discrepancy Fund that partially comprise this balance but are correct and proper entries used in accordance with the purposes of this fund. These entries have not been reversed, and are as follows:

1/15/13 – Overpayment by defendant of \$15 via previous credit card vendor. Vendor was to remove the overage before contract ended, but never did. Vendor was to bill court for the \$15, but never did.

6/18/13 – Payment of \$249.50, submitted by credit card in May 2012 but was not correctly applied to case.

6/18/13 – Bank credited Court account for \$10 more than deposit that was made. Discussion with the bank resulted in bank not removing the extra \$10 on account.

6/18/13 – Adjustment of \$5 for crediting a case \$5 more than was received in credit card disbursement in May 2012.

7/11/13: Defendant disputed a credit card payment of \$160 dating from Feb. 2013, and in July 2013 the credit card company upheld dispute and withheld that amount from court deposit.

If the above situations and amounts are taken into account, they bring the balance to (\$37.38). Our Court staff is meeting with an Odyssey representative (JTAC employee) on July 8 to review the above and help research the remaining amount. She can also provide detailed documentation of the above issues.

In regards to actions to prevent a recurrence of these issues, the Fishers City Court and/or the Fishers City Clerk as Clerk of the Court, will be covered by the City of Fishers third-party financial review by an independent CPA firm prior to insure ongoing compliance with State Board of Accounts requirements for policies and practices. The Clerk is now also well aware of the State Board of Accounts sensitivity regarding entries in the Bank Account Discrepancy Fund, and entries into that Fund will be subject to heightened scrutiny and documentation.

We hope that this explanation as well as the remedial steps taken substantially resolves issues raised in the audit, and will be subject to further information upon consultation with JTAC as indicated above.



Daniel Henke  
Judge, Fishers Town Court



Jennifer Belkes  
Clerk, Fishers Town Court

TOWN COURT  
TOWN OF FISHERS  
EXIT CONFERENCE

The contents of this report were discussed on June 24, 2014, with Daniel E. Henke, Judge; Jennifer Beikes, Clerk; Linda Gaye Cordell, Clerk-Treasurer; and John Weingardt, President of the Town Council.