

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LACONIA

HARRISON COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
04/22/2016



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Examination Results and Comments:	
Annual Financial Report.....	6
Bank Account Reconciliations.....	6
Condition of Records.....	6-7
Deposits .....	7
Errors on Claims .....	7-8
Appropriations .....	8
Exit Conference .....	9

#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Paige L. Baker	02-06-10 to 12-31-19
President of the Town Council	Thomas L. Huckaby	01-01-11 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the Town of Laconia (Town), for the period of January 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

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 Examination 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 Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

February 3, 2016

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CLERK-TREASURER  
TOWN OF LACONIA

CLERK-TREASURER  
TOWN OF LACONIA  
EXAMINATION RESULTS AND COMMENTS

***ANNUAL FINANCIAL REPORT***

The Annual Financial Reports for 2011, 2013, and 2014, contained a number of errors and did not properly reflect the financial activity of the Town of Laconia. The following errors were noted for the following years:

2011 - Receipts were understated by \$2,500 and disbursements were understated by \$2,294.

2013 - Receipts were understated by \$120 and disbursements were overstated by \$277.

2014 - Receipts were understated by \$2,086 and disbursements were understated by \$2,252.

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."

***BANK ACCOUNT RECONCILIATIONS***

Monthly reconciliations of the fund balances to the bank account balances were not performed by the Clerk-Treasurer for the entire 48 month period of examination. We conducted a test of fund balances to the bank balances for the periods ending December 31, 2011, 2012, 2013, and 2014. The fund balances materially reconciled to the bank account balances for the periods tested. The reconciled bank balance ranged from a \$74 cash long to a \$359 cash short during the examination period, with only a \$6 cash short as of December 31, 2014.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

***CONDITION OF RECORDS***

Financial records presented for examination were incomplete and contained numerous errors and deficiencies.



CLERK-TREASURER  
TOWN OF LACONIA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Some of the errors and deficiencies include:

1. Receipts were not always written for collections made.
2. Receipts were not always written for the correct amount.
3. Receipts were not always written at the time the transaction occurred.
4. Receipts were not always posted at the time of the transaction.
5. Receipts were not always posted in the proper amount.
6. Receipts were not always posted to the correct fund.
7. Instances were noted in which collections were not always posted to the ledger.

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)

### ***DEPOSITS***

Receipts were deposited later than the next business day in 100 percent of the receipts tested.

Indiana Code 5-13-6-1(c) states in part:

" . . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

### ***ERRORS ON CLAIMS***

A test of claims identified the following deficiencies with an error rate greater than 10 percent:

- Of the claims tested, 26 percent did not have adequate supporting documentation. This error resulted in \$2,365 of expenditures which did not have adequate supporting documentation.

CLERK-TREASURER  
TOWN OF LACONIA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

**APPROPRIATIONS**

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Riverboat	2011	\$ 26,919
Local Road And Street	2011	950
Riverboat	2012	30,938
General	2013	3,292
General	2014	22,180

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."

CLERK-TREASURER  
TOWN OF LACONIA  
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2016, with Paige L. Baker, Clerk-Treasurer, and Thomas L. Huckaby, President of the Town Council.