

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LEESBURG

KOSCIUSKO COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
04/22/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jan Carter (Deceased) (Vacant) Michael Searfoss	05-09-10 to 04-18-13 04-19-13 to 05-23-13 05-24-13 to 12-31-19
President of the Town Council	Tom Moore Doug Jones Larry Richey Tom Moore Doug Jones	01-01-11 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF LEESBURG, KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Leesburg (Town), for the period from 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/.

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

January 26, 2016

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CLERK-TREASURER
TOWN OF LEESBURG

CLERK-TREASURER
TOWN OF LEESBURG
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$960 and to the Indiana Department of Revenue in the amount of \$789 because the Town did not remit payments on a timely basis. As of December 31, 2014, the Town had not paid any of its federal payroll tax liability of \$11,628 for the year 2012 and could be assessed additional penalties and interest for late payment.

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)

OVERPAYMENT COLLECTIONS

Payments were made to the Indiana Department of Revenue (DOR) for state and local payroll withholding taxes for the years 2010 through 2013. These payments exceeded the amount withheld by \$5,695. These excess payments represent one or a combination of the following: penalties and interest; duplicate payments; or payments of DOR proposed assessments which were DOR estimates, in excess of the actual liability. A tax transcript obtained from DOR indicates penalties, interest, and warrant fees for the period of \$789, leaving a net overpayment of \$4,906.

The DOR tax transcript also indicates other errors. The Indiana Withholding Tax Form (WH-1) to report wages and withholdings has never been filed for the month of March 2011. Duplicate WH-1's were filed for January 2012 causing the DOR to show double the true base tax for that month.

These issues have not been resolved with DOR, and refunds have not been received as of the date of this report.

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)

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

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

OFFICIAL BOND

The Clerk-Treasurer did not obtain an individual Surety Bond for the period January 1, 2014 to February 23, 2015.

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: . . .

(2) Town judges and clerk-treasurers.

(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 . . . town clerk-treasurers . . . 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."

Indiana Code 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder in the county of residence of the officer, official, deputy, or employee."

CLERK-TREASURER
TOWN OF LEESBURG
EXIT CONFERENCE

The contents of this report were discussed on January 26, 2016, with Michael Searfoss, Clerk-Treasurer, and Doug Jones, President of the Town Council.