

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLERK TREASURER

TOWN OF GALVESTON

CASS COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
05/19/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Results and Comments:	
Overpayment to Individual Retirement Account	6
Official Bond.....	6
Bank Account Reconciliations.....	6
Condition of Records.....	6-7
Fees	7
Appropriations	7-8
Hydrant Rental Fees	8
Distribution of Gross Revenues	8
Exit Conference	9
Summary of Charges.....	10

SCHEDULE OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Constance S. Russell	01-01-08 to 12-31-11
	Christina Lewis	01-01-12 to 04-05-12
	(Vacant)	04-06-12 to 04-30-12
	Mitsey Goodman	05-01-12 to 09-11-15
	Rose Jackson	09-12-15 to 12-31-19
President of the Town Council	John Zook	01-01-11 to 12-31-11
	Pat Gunnell	01-01-12 to 12-31-15
	John Hart	01-01-16 to 12-31-16
Superintendent of Utilities	John Roberson	01-01-12 to 12-31-16
Superintendent of Water Utility	William Young	01-01-11 to 12-31-11
Superintendent of Wastewater Utility	John Roberson	01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF GALVESTON

This report is supplemental to our examination report of the Town of Galveston (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 noncompliance resulting in charges 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, such 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 15, 2016

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CLERK-TREASURER
TOWN OF GALVESTON

CLERK-TREASURER
TOWN OF GALVESTON
EXAMINATION RESULTS AND COMMENTS

OVERPAYMENT TO INDIVIDUAL RETIREMENT ACCOUNT

For the years 2013, 2014, and subsequent to the examination period 2015, Mitsey Goodman, former Clerk-Treasurer, made excess payments in the amount of \$6,750 to an Individual Retirement Account as part of her compensation.

Per the Town's policy, full-time employees were to receive additional compensation each year for contribution to an Individual Retirement (IRA). The amount of additional compensation to be contributed to an IRA was based on the number of years of service. Mitsey Goodman's employment as Clerk-Treasurer began in 2012; however, the IRA contributions were calculated using the amount based on five years of employment. The overpayments were \$2,300, \$2,300, and \$2,150 for 2013, 2014, and 2015, respectively.

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

Mitsey Goodman, former Clerk-Treasurer, was requested to reimburse the Town for the overpayment to her individual retirement account in the amount of \$6,750. (See Summary of Charges, page 10)

OFFICIAL BOND

Mitsey Goodman, former Clerk-Treasurer, was covered by an Official Bond with Auto Owners Insurance Company as follows:

<u>Years</u>	<u>Amount</u>
May 1, 2012 to April 4, 2013	\$ 30,000
April 4, 2013 to April 13, 2014	30,000
April 14, 2014 to April 13, 2015	30,000

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination for the years 2012, 2013, and 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."

CONDITION OF RECORDS

The Clerk-Treasurer did not maintain adequate documentation to substantiate the information presented in the financial statements. Financial records/ledgers were not presented for examination that reflected reconciled activity of the town and utility funds for the years 2012, 2013, and 2014. The records presented did not provide sufficient information to examine or verify beginning balances, receipts, disbursements, ending balances of the Town and Utility funds, or the accuracy or correctness of the transactions.

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

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FEES

The Town collected moving traffic violation fees totaling \$925 during the period September 18, 2014 to January 26, 2015. These fees were subsequently refunded to the various individuals on September 11, 2015. There has not been any further reporting or filing in the county court.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 36-1-6-3 states:

"(a) Certain ordinances may be enforced by a municipal corporation without proceeding in court through:

- (1) an admission of violation before the violations clerk under IC 33-36; or
- (2) administrative enforcement under subsection 9 of this chapter. (b) Except as provided in the subsection (a), a proceeding to enforce an ordinance must be brought in accordance with IC 34-28-5, section 4 of this chapter, or both. (c) An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5."

The accounts of each public official and public office should reflect the proper treatment of fines collected for moving traffic violations as required by Indiana Code § 36-1-6-3(c), Indiana Code Ch. 34-28-5, and this Directive. Failure to do so will result in a civil action against those public officials who are responsible for the improper enforcement and collection of fines for moving traffic violations as allowable by law. (State Examiner Directive 2015-1)

APPROPRIATIONS

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

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

Fund	Years	Excess Amount Expended
Park and Recreation Improvements	2011	\$ 199
Cumulative Sewer	2011	12,175
General	2012	108,812
Aviation	2012	9,275
General	2013	158,508
Motor Vehicle Highway	2013	985
Local Road and Street	2013	7,211
Aviation	2013	16,110
Cumulative Capital Improvement	2013	12,600
Cumulative Sewer	2013	29,254
General	2014	45,504
Motor Vehicle Highway	2014	22,703
Aviation	2014	287

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."

HYDRANT RENTAL FEES

The Clerk-Treasurer underpaid the hydrant rental fees in the amount of \$4,528. As of January 1, 2014, the hydrant rental fee was increased to \$360 per hydrant; however, the amount paid was calculated using the old rate of \$158 per hydrant.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DISTRIBUTION OF GROSS REVENUES

During this examination period, gross revenues were not being distributed to the Water Utility Bond and Interest and Debt Service Reserve Sewage Works funds in accordance with Revenue Bond Ordinance 78-2. Gross revenues were also not being distributed to the Wastewater Util-Bond and Interest and Debt Service Reserve Sewage Works funds in accordance with Revenue Bond Ordinance 2006-2.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF GALVESTON
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2016, with Rose Jackson, Clerk-Treasurer; John Hart, President of the Town Council; Herbert Alcorn, Vice President of the Town Council, and James Jackson, member of the Town Council.

CLERK-TREASURER
TOWN OF GALVESTON
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Mitsey Goodman, former Clerk-Treasurer:			
Overpayment to Individual Retirement Account, page 6			
Year 2013	\$ 2,300	\$	\$
Year 2014	2,300		
Year 2105	2,150		
 Reimbursed by Mitsey Goodman, former Clerk-Treasurer, on April 28, 2016, Receipt No. 11363	<u> </u>	<u>6,750</u>	<u>-</u>
Totals	<u>\$ 6,750</u>	<u>\$ 6,750</u>	<u>\$ -</u>