

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF YORKTOWN

DELAWARE COUNTY, INDIANA

January 1, 2013 to December 31, 2015



FILED
11/10/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Beth A. Neff	01-01-12 to 12-31-18
President of the Town Council	Robert Ratchford Richard Lee	01-01-12 to 12-31-14 01-01-15 to 12-31-16
Town Manager	Peter Olson	01-01-13 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF YORKTOWN, DELAWARE COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Yorktown (Town), for the period from January 1, 2013 to December 31, 2015. 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 Responses to the Examination Results and Comments, incorporated within this report, were not verified for accuracy.

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

October 13, 2016

CLERK-TREASURER
TOWN OF YORKTOWN
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The Annual Financial Reports (AFR) for 2013, 2014, and 2015 contained a number of errors and did not match the Town's records. A similar comment appeared in prior Report B43056. Some adjustments were made by management to the AFR's based on known omissions and incorrect figures to more properly reflect the financial transactions and balances of the Town. However, there were unknown errors that could not be corrected, and the Financial Statements do not properly reflect the financial transactions and balances of the Town.

During the year 2014, two transfer transactions totaling \$124,826 were posted as transfers out. However, no corresponding transfers in were posted. Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the financial statement.

During the year 2015, six state distributions totaling \$73,955 due to the MVH fund (\$59,644) and the LRS fund (\$14,311), were not receipted to the Town's records. Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the financial statement.

The Town's ledger and the AFR for the years 2013, 2014, and 2015 did not include the activity of the following funds: Township General fund and Township Cumulative Fire fund. Also, the Town's ledger and the AFR for the years 2014 and 2015 did not include the activity of the following fund: State SRF Water Well #4 fund. Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the financial statement.

During our examination period, we noted that the Community Assistance and the Mt Pleasant Twp Fire Debt funds had postings for taxes in excess of the amount that the Delaware County Treasurer distributed to the two funds. These excess amounts were equal to \$48,043 in 2013, \$50,073 in 2014, and \$39,559 in 2015. We also noted ten smaller posting errors of taxes totaling \$8,264 affecting 17 accounts.

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the depository account balances were performed; however, the reconciliations had errors and did not balance to the records. The following chart is a comparison of the report balances to the depository account balances:

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

Years	AFR Balance All Funds	Depository Balance	Difference Long (Short)
12-31-13	\$ 6,828,980	\$ 6,794,234	\$ (34,746)
12-31-14	7,179,707	7,318,603	138,896
12-31-15	6,069,873	6,184,671	114,798

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."

OVERDRAWN CASH BALANCES

In our prior Report B43056, we had a similar comment concerning overdrawn cash balances. The financial statements presented for examination included the following funds with overdrawn cash balances at the end of each year. These funds and overdrawn amounts are:

Fund	Amounts Overdrawn		
	2013	2014	2015
Park One Wastewater Utility Operating	\$ 277,866	\$ 238,134	\$ 146,159
Park One Water Utility Operating	-	-	34,701
Town SRF Water Well # 4	-	8,962	8,924
Mt Pleasant Twp Fire Debt	-	-	6,938
Court Mutual Bank	-	-	35

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

October 24, 2016

State Board of Accounts,

The Town of Yorktown had an audit of the 2013-2015 financials. As a result of that audit there were comments by the auditor on issues that were found.

The issues resulted in the turnover of several part-time employees. These employees were being trained and found that the work was difficult, wanted full-time work, and/or moved to another state. It is time consuming to train new employee after new employee. Mistakes are made and sometimes not caught for months.

The Town consolidated its government with the Mt. Pleasant Twp government which brought problems with it. The previous Township Trustee did not finalize her work for the closing of the 2012 books which fell on my desk. With no additional office help, my office had to process the township receipts and disbursements.

The audit shows that some funds are in the negative. Some of those funds are just placeholders for tracking the profit/loss of the Park One utilities. These funds are really are part of the Ykt Water and the Ykt Wastewater utilities.

Thank you for your time and efforts auditing the town's financials.



Beth Neff
Clerk-Treasurer
Town of Yorktown
Yorktown, IN 47396

CLERK-TREASURER
TOWN OF YORKTOWN
EXIT CONFERENCE

The contents of this report were discussed on October 13, 2016, with Beth A. Neff, Clerk-Treasurer; Richard Lee, President of the Town Council; and Peter Olson, Town Manager.