

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF WOLCOTTVILLE

LAGRANGE COUNTY, INDIANA

January 1, 2017 to December 31, 2019



FILED

03/20/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	June Wood	01-01-17 to 12-31-19
	Lauren Newsome	01-01-20 to 12-31-23
	Heidi Huff	01-01-24 to 12-31-24
President of the Town Council	Greg Ringler	01-01-17 to 12-31-18
	Jason Boggs	01-01-19 to 12-31-19
	Dean Domer	01-01-20 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF WOLCOTTVILLE, LAGRANGE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Wolcottville (Town) for the period of January 1, 2017 to December 31, 2019. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only. The Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis have not been included in this report due to the issues detailed in the Comments below.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Dean Domer, President of the Town Council; Steven F. Cords, Vice President of the Town Council; Jeff Sorg, Town Council member; Heidi Huff, Clerk-Treasurer; and June Wood, former Clerk-Treasurer, on December 17, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 17, 2024

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment also appeared in prior Report B54024, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

Condition and Context

Internal controls were not in place to ensure compliance with laws, regulations, and Guidelines as detailed in the following comments:

- Penalties, Interest, and Other Charges
- Errors on Claims
- Sales Tax Paid on Purchases
- Annual Financial Report
- Condition of Records
- Bank Account Reconciliations
- Monthly and Annual Engagement Uploads
- Motor Vehicle Highway (MVH) - Restricted Funds
- Capital Assets
- Late Submission of Annual Financial Report
- Ordinances and Resolutions
- Contracts
- Payroll Records
- Compensation
- Appropriations
- Stale Dated Outstanding Checks (Warrants)
- Travel Policy
- Prescribed Forms
- Official Bond Not Recorded
- Alcohol Purchase Policy

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

A similar comment also appeared in prior Reports B39643, B46116, B52254, and B54024.

Condition and Context

The Town paid penalties, interest, and other charges as noted in the table below:

Vendor	Type	Amount of Penalties and Interest
Indiana Department of Revenue	Payroll Withholding Tax	\$ 725.27
Indiana Department of Revenue	Sales Tax	<u>1,710.97</u>
Total Penalties and Interest		<u>\$ 2,436.24</u>

Criteria

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 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

We requested the former Clerk-Treasurer, June Wood, to reimburse the Town in the amount of \$2,436.24 for penalties, interest, and other charges. (See Summary of Charges, page 26)

ERRORS ON CLAIMS

A similar comment also appeared in prior Report B54024.

Condition and Context

A sample of 63 vendor disbursements were tested and contained the following errors:

- There was no documentation to support the Town Council and the Clerk-Treasurer certified and approved 31 claims supporting the disbursements prior to payment.
- Adequate supporting documentation was not provided to determine whether 6 claims, totaling \$1,706.08, were proper and allowable uses of Town funds.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Date	Amount	Payee
05-26-17	\$ 255.36	Amazon
08-14-17	383.26	Best Western
10-22-18	40.65	Pet Smart
12-07-18	577.21	AT & T Mobility
02-05-19	349.60	Mark Nissley
05-29-19	100.00	Petty Cash
Totals	<u>\$ 1,706.08</u>	

- On March 4, 2019, the Town reimbursed the Clerk-Treasurer's spouse for 9 purchases of supplies, equipment, shirts, and sales tax totaling \$353.97. However, the 9 receipts attached as supporting documentation showed the purchases were made by the Clerk-Treasurer June Wood/June Brown. The purchases were originally made from the Clerk-Treasurer's personal account and were made 83 days to 496 days prior to the reimbursement payment.

Description	Date of Reimbursement	Date of Invoice/Receipt	Amount	Items Purchased
Amazon	03-04-19	10-24-17	\$ 16.22	Pushbutton Switch AC
Amazon	03-04-19	01-04-18	9.56	Hoover Vacuum Belt
Amazon	03-04-19	01-11-18	24.60	Angel Soft Toilet Paper
Amazon	03-04-19	06-05-18	26.97	Patriotic Letter Paper
thestampmaker.com	03-04-19	07-11-18	60.40	2 Maxlight Pre Inked Rubber Stamp
Amazon	03-04-19	10-11-18	102.58	Bissell Vacuum
Center Street Vinyls	03-04-19	11-11-18	60.00	CRT Shirts
Vistaprint	03-04-19	12-03-18	38.50	Paid Stamp
Amazon	03-04-19	12-11-18	15.14	2019 Wall Calendar
Total			<u>\$ 353.97</u>	

Criteria

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

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

(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. . . ."

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

We requested the former Clerk-Treasurer, June Wood, reimburse the Town in the amount of \$2,060.05, which consists of \$1,706.08 for payments made without supporting documentation and \$353.97 for payments to June Wood's spouse. (See Summary of Charges, page 26)

SALES TAX PAID ON PURCHASES

Condition and Context

The Town paid sales tax of \$97.64 on 13 claims that were sales tax exempt.

Payment Type	Amount of Sales Tax Paid to Vendors
Reimbursement to Clerk-Treasurer's Spouse	\$ 33.32
Petty Cash Reimbursements	11.15
Amazon Purchases with Debit Card	53.17
Total Sales Tax Paid	\$ 97.64

Criteria

Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

We requested the former Clerk-Treasurer, June Wood, to reimburse the Town in the amount of \$97.64 for sales tax paid on purchases. (See Summary of Charges, page 26)

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B54024, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The financial, capital assets, payables and receivables, and leases and debt information entered into Gateway contained the following errors:

Financial Data

The financial data reported in the AFR filed for 2017 through 2019 did not match the Town's accounting records (ledgers). The Beginning Balance, Receipts, Disbursements, and Ending Balance on the financial statements were over(under)stated from the ledgers by the following amounts:

Year	Beginning Balance	Receipts	Disbursements	Ending Balance
2017	\$ 489,161	\$ (409,063)	\$ (316,494)	\$ 396,592
2018	2,060,972	1,430,051	1,638,494	1,825,528
2019	1,428,938	(3,515,154)	(2,038,473)	(47,743)

Capital Assets

An amount of \$9.99 was reported in the AFR for 2017 through 2019 for all categories of capital assets. This amount was not supported by any documentation.

Accounts Payables and Accounts Receivables

Accounts Payables and Accounts Receivables reported in the AFR filed for 2017 through 2019 were not supported by any documentation.

Debt and Leases

Debt and Leases reported in the AFR were under(over)stated as follows:

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Bond	Year	Ending Principle Balance Under(Over) Stated	Principle and Interest Due Within One Year - Under(Over)stated
Water Revenue Bond 2005	2017	\$ 543,645	\$ 22,356
Sewer Revenue Bond 2013	2017	-	160,678
Sewer Revenue Bond 2016	2017	3,090,000	107,037
Water Revenue Bond 2005	2018	(13,000)	(37,240)
Sewer Revenue Bond 2013	2018	(135,000)	-
Sewer Revenue Bond 2016	2018	3,070,000	106,737
Water Revenue Bond 2005	2019	(40,000)	(456,138)
Sewer Revenue Bond 2013	2019	(1,675,000)	(1,760,842)
Sewer Revenue Bond 2016	2019	3,050,000	106,737

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

CONDITION OF RECORDS

Similar comments also appeared in prior Reports B46116 and B54024, entitled *ERRORS ON RECEIPTS* and *CUSTOMER DEPOSIT REGISTER*.

Condition and Context

Errors were identified in the ledgers presented at the time of the engagement to support amounts reported in the Annual Financial Report as noted below.

Receipts

Distributions received from the state and LaGrange County (County) were not always recorded timely, to the correct funds, and/or in the correct amounts. Noncompliance noted included:

- County distributions:
 - Distributions were recorded in the General fund or CCD fund instead of in the funds by laws, regulations, and Guidelines they should have been recorded.
 - Local income tax distributions were recorded in the General fund or CEDIT fund in incorrect amounts.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

- State distributions:
 - Of the 105 state distribution receipts tested during the engagement, 8 were untimely recorded between one and three months after they were directly deposited by the state into the Town's bank account.
 - ABC Gallonage Tax distributions of \$581, which should have been recorded in for the General fund by law, were incorrectly recorded in the Local Road & Street fund in 2018.
 - Distribution amounts recorded were incorrect or the distribution was not recorded. The table below shows the overstated and understated recorded distributions per the ledgers as compared to the distributions to the Town, as detailed by the state and County records.

Year	Overstated State Distributions	Understated State Distributions	Total (Overstated) Understated
2017	\$ (370)	\$ -	\$ (370)
2018	-	45,253	45,253
2019	-	870	870
Totals	<u>\$ (370)</u>	<u>\$ 46,123</u>	<u>\$ 45,753</u>

Disbursements

The Town did not record 38 claims, totaling \$49,804, in a timely manner; the disbursements were recorded from 2 years late to 1 month early.

Payroll

The Town has 26 payroll periods each year. For each payroll period, gross payroll should have been disbursed from operating funds, receipted into the Payroll fund, and then net pay, benefits, and tax payments disbursed from the Payroll fund.

Payroll related transactions for the 2017, 2018, and 2019 years were not recorded in a proper manner, resulting in the following errors:

- Gross payroll disbursements and related receipts in the Payroll fund, for 2017, were not recorded timely in the ledgers. Gross payroll disbursements for 25 pay periods, totaling \$346,464, were all recorded on October 24, 2019, and backdated to November 1, 2017. The Town recorded 19 payroll related receipts in the Payroll fund, totaling \$348,988, all on a single date, November 1, 2017.
- Net payroll disbursements from the Payroll fund, for 2017, totaling \$49,860, were not recorded timely in the ledgers. In October 2019, the transactions were improperly back dated to multiple 2017 dates.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

- None of the 26 pays of 2018 gross payroll disbursements were recorded in the 2018 ledgers, and there were no receipts related to 2018 gross payroll recorded in the Payroll fund during 2018.
- A \$400,150 adjusting entry was recorded in the ledgers on January 1, 2019, to account for 2018 gross payroll clearing receipts in the Payroll fund. Related net payroll, totaling \$289,455, was also untimely recorded in the ledgers in the Payroll fund on January 1, 2019, to account for 2018 payroll transactions.
- All 26 pays of 2019 gross payroll disbursements and related Payroll fund receipts, each totaling \$405,277, were recorded in the ledgers on December 31, 2019.
- Net payroll disbursements, from the Payroll fund, related to the 26 pays of 2019, totaling \$281,948, were not recorded timely in the ledgers. All transactions were recorded on December 31, 2019.

Utility

Utility related disbursements were posted to an incorrect fund within the ledgers as noted:

- A Waterworks Revenue Bond 2005 debt payment, totaling \$34,018, to be disbursed from the Water Sinking-Debt Service fund, was incorrectly recorded in the Water Utility Operating fund during 2019.
- The Sewage Works Revenue Bonds of 2016 debt payments, totaling \$106,737, to be disbursed from the Sewer Sinking-Debt Service fund, were incorrectly recorded in the Water Sinking-Debt Service fund during 2019.

Customer Deposit Register

Detailed customer deposit register (Meter Deposit Report) did not reconcile with the customer deposit cash balance recorded on the ledgers (Water Util Meter Deposit fund) during the engagement period. The following differences were noted:

Year	Meter Deposit Report	General Ledger Balance
2017	\$ 1,900	\$ 16,021
2018	1,100	12,698
2019	1,400	9,747

Criteria

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Audit costs incurred because of poor records, nonexistent records, or any other inadequate bookkeeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Report B39643, entitled *CASH NECESSARY TO BALANCE*, and Reports B46116 and B54024, entitled, *DEPOSITORY ACCOUNT RECONCILIATIONS*.

Condition and Context

Depository reconciliations of the fund balances to the depository account balances were not performed in a timely manner throughout the engagement period; all reconciliations were performed in the fall of 2019 through 2020.

The Town's reconciled depository account balance as of December 31, 2019, aligns with the cash balance reported in the Annual Financial Report (AFR); however, as noted in the comment above, entitled *Annual Financial Report*, the amounts reported in the AFR did not agree to the Town's ledger. The reconciled balances include adjustments from 2014 to 2019 for each bank account, which need to be entered into the ledgers.

Bank Account	Adjustment
Civil Town	\$ 6,262
Operating & Maintenance Fund	(95,926)
Water Sinking Fund	(103,522)
Sewage Works Fund	132,675
Net Adjustments	\$ (60,511)

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Criteria

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 must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly, beginning with the July 2018 files, include bank reconciliations, approved Town Council minutes, and funds ledger summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investment statements, detail of receipt activity, detail of disbursement activity, current year salary ordinance, annual employee earnings record, and annual vendor history report.

The Town did not upload any of the required monthly and annual files on the Indiana Gateway for Government Units financial reporting system for the 2018 and 2019 fiscal years.

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must 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 1)

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

In 2019, the Town established the MVH Restricted fund incorrectly under fund number 200 instead of the required fund number 203. State distributions of \$6,597, intended for the MVH Restricted fund, were incorrectly recorded in the Motor Vehicle Highway fund. Due to this, the Town allocated less than the required 50 percent of the distribution from the state Motor Vehicle Highway Account to the MVH Restricted fund for the 2019 year.

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

The purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to create a new sub-fund within the MVH Fund to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes.

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

(State Examiner Directive 2018-2)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must 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 1)

CAPITAL ASSETS

A similar comment also appeared in prior Report B39643, entitled *CAPITAL ASSET RECORDS*, and Reports B46116 and B54024, entitled *CAPITAL ASSETS*.

Condition and Context

The Town did not have a complete detailed listing of capital assets owned. In addition, a complete physical inventory of capital assets was not taken every two years.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) for the year ended December 31, 2018, was filed on March 29, 2019, which was 28 days after the filing deadline. The AFR for the year ended December 31, 2019, was filed on July 6, 2020, which was 126 days after the filing deadline.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

ORDINANCES AND RESOLUTIONS

Condition and Context

The Town was not in compliance with its own ordinances and resolutions regarding utility billings. Of the 60 utility bills tested, the following errors were identified:

- There were 3 instances where customers were not charged the correct sewer service rate.
- There were 11 instances where penalties were either incorrectly charged or not charged to customers when warranted.
- There were 2 instances where sales tax was not charged to customers when it was warranted.
- There were 3 instances where the payments received from customers were not receipted to the correct utility fund.
- The Town's water utility plant was charged an incorrect sanitation service rate and not assessed a penalty for late payment when warranted.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must 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 1)

CONTRACTS

Condition and Context

The Town contracted with a vendor, for the 2018 and 2019 years, to provide water and wastewater treatment services at an amount of \$1,700 per week, paid on a pro rata basis for partial weeks worked. Upon request, the Town did not provide adequate documentation, including invoices, to support the billing of five full days of attendance in 2019, and what services were billed during that period, to determine whether the provisions of the contract were met.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

PAYROLL RECORDS

A similar comment also appeared in prior Report B54024, entitled *RECORD OF HOURS WORKED*.

Condition and Context

The Town did not keep a record of hours worked for four employees of the eight tested that were required to have them. Additionally, the Town did not provide, upon request, an Internal Revenue Service Form W-2 for any employee for the 2017 and 2019 years.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Criteria

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must 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 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

COMPENSATION

Condition and Context

During 2017, the Town improperly paid a Deputy Marshall for 32 hours of vacation time while they were not on vacation leave. The Town's policies and procedures manual did not state that vacation time could be paid out in that manner. This resulted in a \$618 overpayment of compensation.

The Town did not include the Sewer Superintendent's salary in the 2019 Salary Ordinance, so the yearly salary paid of \$16,760 could not be verified as authorized by the Town Council.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

APPROPRIATIONS

A similar comment also appeared in prior Reports B39643, B46116, and B54024.

Condition and Context

The records presented indicated the following funds had disbursements in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
CCD	2017	\$ 163,223
MOTOR VEHICLE HIGHWAY	2017	66,320
CEDIT	2017	53,979
PARK & RECREATION	2017	33,246
CEDIT	2018	105,101
CCD	2018	303
GENERAL	2019	300,655
MOTOR VEHICLE HIGHWAY	2019	85,784
CEDIT	2019	44,154
CCD	2019	5,088
CUM CAP IMP - CIG TAX	2019	136

Criteria

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body . . ."

STALE DATED OUTSTANDING CHECKS (WARRANTS)

A similar comment also appeared in prior Report B54024.

Condition and Context

The Town had 46 checks, totaling \$9,691, included on its outstanding check list that were stale dated as of December 31, 2018, that had not been voided, as required, by March 1, 2019.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. However, in the case of a school corporation, the warrant or check shall be receipted into the operations fund."

TRAVEL POLICY

A similar comment also appeared in prior Report B54024, entitled *ERRORS ON CLAIMS*.

Condition and Context

During 2019, the Town reimbursed an employee \$348 for mileage at a rate of \$2 per mile, which was over three times the federal rate; the Town's travel policy stated that mileage would be reimbursed "at the rate of \$.40 per mile or the then current State of Indiana permissible mileage rate." Additionally, the prescribed Mileage Claim form (General Form No. 101) was not used by the employee when requesting reimbursement.

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Criteria

Each unit must adopt a written travel policy in conformity with applicable laws. Reimbursement for lodging and meals must be based upon actual receipts for amounts paid unless otherwise authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MILEAGE CLAIM (General Form No 101)

This form is designed to serve as a claim for mileage to be presented to the board for allowance.

Officers and employees may be reimbursed for actual miles traveled in their own motor vehicles on official business of the city or town at a reasonable rate per mile as fixed by ordinance or resolution of the board. If two or more persons ride in the same motor vehicle, only one mileage reimbursement is allowable. The speedometer reading columns on this form are to be used only when distance between points cannot be determined by fixed mileage, official state highway map, or reliable map application.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

PRESCRIBED FORMS

The same comment also appeared in prior Report B54024.

Condition and Context

The Town did not use the prescribed form General Form 350 Register of Investments, nor had it requested approval for an alternative form in lieu of the prescribed form to account for and maintain all investments.

Criteria

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OFFICIAL BOND NOT RECORDED

Condition and Context

The Town did not file its official bonds with the County Recorder for 2018 and 2019 as required by Indiana Code. The Town had an official bond as shown in the table below:

Official Bond	
Period	Amount
01-01-17 to 12-31-17	\$ 60,000
01-01-18 to 12-31-18	60,000
01-01-19 to 12-31-19	60,000

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
RESULTS AND COMMENTS
(Continued)

Criteria

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

"Every elected or appointed officer, official, deputy, employee, or contractor of a political subdivision . . . shall file the bond with the fiscal officer of the political subdivision and in the office of the county recorder in the county of office or employment of the officer, official, deputy, employee, or contractor. The county recorder and deputies and employees of the recorder shall file their bonds with the county auditor and in the office of the clerk of the circuit court."

ALCOHOL PURCHASE POLICY

A similar comment also appeared in prior Report B54024, entitled *ALCOHOL PURCHASES*.

Condition and Context

During the engagement period, the Town did not have a written policy concerning the use of public funds to purchase alcohol. There was no evidence of alcohol purchases during the audit period.

Criteria

The governing body of a unit must have a written policy concerning the purchase of alcohol using public funds. This policy must address the exact situations in which alcohol can be purchased and outline any liability issues that may arise with using public funds to purchase alcohol. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

June Wood

Former Clerk Treasurer

309 North Main St.
Wolcottville, IN 46795
206-367-1902
Jubrown09@gmail.com

Indiana State Board Of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Date: 12/30/2024

OFFICIAL RESPONSE

Annual financial report- as the previous years from the mold filled building. I was so sick that I went to the ER twice because I couldn't breathe. I had spots on my lungs. I was given a rescue inhaler because I was literally afraid to fall asleep and not wake up. I never missed a day during that as the Council president was not having it. My then employee was off having surgery and came back and had issues. The Towns engineer from Triad couldn't even sit in that building as it caused him breathing issues. Our town police dept. said numerous times it gave them headaches being in there. One of the council members stopped me a couple years ago and asked me if I knew the mold was that bad in there. He just couldn't believe it. Well yes, I knew we had it tested when I was so sick. They then moved us to the garage filled with fumes from the vehicles. I couldn't stay awake as I was so ill. There was no point in moving rooms as the mold was thru out the building and ceilings. My then employee found out she had asthma from the mold. The whole thing was toxic. We then got the ok to move to our homes. Then we were moved to the current building they are in now. The water employee at the time just thru my stuff into the office that we hadn't moved into yet like the records and such and that is where I think my minutes from the meeting that everyone said was missing probably came up missing. We had to hold our town meetings in an old legion hall during the time we moved out. That building also was too full of mold and had to be cleaned by employees after we had our meeting there. My computer crashed and I lost everything. Keystone could not help me. Then my employee quit, I was alone, our sewer system went down due to flooding, and I had to help with that situation. I was called out numerous times at all hours of the morning/night to the pump stations. My husband had to help with phone calls, sewer problems in the pits and be in the office at night while I tried keeping afloat on payments to be put in and bills printed etc... It is not a one-person job. The sewer dept/water dept had lost their employees due to retirement so the ones that were there didn't know anything about it either. But we worked together. The water girl worked so hard to help. I made sure to get port o pottys out there to the public on the sewer system as best as I could. It was a horrible situation. We worked together trying so hard to get it working. The

lakes had flooded causing this. I had to make phone calls as well as my husband helping with the field sewer and phone calls. My husband put hours and hours in right along with me. He even had to go cover the well house because it was leaking so bad and needed repaired. I did these things because I cared. I care about the people. I paid peoples water bills so they wouldn't be shut off out of my own pocket because I cared. I was so far over my head, and I saw no light other than to keep going the best I could. I was told by the town council president to just quit from day one. There is no training with this job as I have said numerous times. No one can come in and tell you how to do it. That part comes at the end on how you didn't do it correctly. The previous clerk left before her term as up, so I was caucused in. SBOA came in and did her final report and had me change so many numbers in the computer because it wasn't right. Then I was told by SBOA to no longer keep a written record along with the computer records. I should not have listened to that order as at least I would have had that to go off of when my computer did crash. My then employee heard the SBOA gal tell me to not do that. The town Marshall at the time wanted a town manager and they did make an ordinance to that effect but the downfall to that was I wasn't allowed to hire anyone to help me. They didn't hire one though. So I was alone for months before someone was hired to work with me. And as any position I trained them the best I could. During the time I was alone all bills were paid and all deposits were made. Town council president overlooked my claims before they were sent out. I did fall behind on the taxes but did get them refunded back as I told them what happened. The State board came in due to their investigation and I was so glad to see him because I thought he was going to help me. I was wrong. I had no idea I was being investigated. I then got the approval to hire an outside source, Penny the accountant that was hired and I worked so hard while SBOA was there to get everything put back in from ground zero. They mentioned they couldn't comment on that but if asked they would confirm it to be true. It was during the time they were there. That group was understanding in what I was trying to accomplish. We were so close to being done when my term was up, and she sent the information to the Town but for some odd reason one of the drives with the disbursements was empty. I was not working there anymore so I never received or seen the thumb drives. That would have been the clerk elected in when I left. I did try so hard and as SBOA has said each time there is no money missing. I realize I failed, and I apologize for doing so. But I need everyone to know it was not intentional or did I steal from the Town as it's been portrayed to the public. There were other entities within the Town that was on a huge spending spree as they were given their own debit card approved by the council member over that dept. Some had it on there phone and used it for games on their phone.

In closing I would like to mention that there is nothing that can prepare a person for a small-town clerk position. There is no guidance or training that you would have with a position with a company as if someone leaving or someone there that already knew the job. This was a chain of events from my first day in office to the very last day that was destined to fail no matter how hard I tried. In some ways I feel targeted by some force in all of this with missing information and minutes that would have been my only protection had they not mysteriously come up missing. This will seem so thrown together as it is in my head because it's been so long ago and there is so much more to it. My life changed

because of this position and will never be the same. Thank you for your time and letting me comment. This comment would go under each category listed.

Sincerely,

June Wood

TOWN OF WOLCOTTVILLE
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
June Wood, former Clerk-Treasurer:			
Penalties, Interest, and Other Charges, page 6	\$ 2,436.24	\$ -	\$ 2,436.24
Errors on Claims, pages 6 through 8	2,060.05	-	2,060.05
Sales Tax Paid on Purchases, page 8	<u>97.64</u>	<u>-</u>	<u>97.64</u>
 Totals	 <u>\$ 4,593.93</u>	 <u>\$ -</u>	 <u>\$ 4,593.93</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA)
ELKHART COUNTY)

We, Karen Handshoe and Joshua Schmitt, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Wolcottville, LaGrange County, Indiana, for the period from January 1, 2017 to December 31, 2019, is true and correct to the best of our knowledge and belief.

Karen Handshoe
Field Examiner

Joshua Schmitt
Field Examiner

Subscribed and sworn to before me this 3RD day of MARCH, 2025

Desiree N Culbreath-Rogers
Notary Public

My Commission Expires: JAN 15 2032

County of Residence: ELKHART

