

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF ROSELAND

ST. JOSEPH COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
02/12/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Schedule of Depository Balance	6
Examination Results and Comments:	
Condition of Records	8-9
Bank Reconcilements	9
Penalties, Interest, and Other Charges	9
Personal Expenses - Former Clerk-Treasurer	10
Personal Expenses - Former Employee.....	10
Overdrawn Cash Balances.....	11
Exit Conference.....	12
Summary of Charges	13
Affidavit	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Susan J. Hammons Michael Eby (Interim) Robin E. Ackerson	01-01-11 to 09-01-11 09-02-11 to 09-30-11 10-01-11 to 12-31-15
President of the Town Council	Elizabeth J. McCombs	01-01-11 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROSELAND, ST. JOSEPH COUNTY, INDIANA

We were engaged to examine the accompanying financial statement of the Town of Roseland (Town), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Town's management.

Since the Town did not provide sufficient competent evidential matter to support the fund balances reported in the Annual Report and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statement is fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statement.

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

October 31, 2013

(This page intentionally left blank.)

FINANCIAL STATEMENT

TOWN OF ROSELAND
SCHEDULE OF DEPOSITORY BALANCE
As of December 31, 2012

Fund	Cash and Investments 12-31-12
Checking Account	\$ <u>242,089</u>

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Bank reconcilements to the records for the Town of Roseland (Town) were not performed during the examination period. At December 31, 2012, the adjusted bank balance for the Town was \$242,089. The fund balances at December 31, 2012, could not be verified due to the condition of the records. The Town provided three separate fund balances. Below is a comparison of the balances provided.

Fund	Fund Balances as of December 31, 2012		
	Gateway Annual Report	Financial Report by Fund	General Ledger
General	\$ 173,959	\$ 147,790	\$ 62,182
Motor Vehicle Highway	(28,720)	(78,808)	6,917
Local Road and Street	(4,930)	(6,336)	14,894
Law Enforcement Continuing Education	17,561	17,466	16,336
Park and Recreation	20,847	21,021	33,968
Rainy Day	(11,971)	(12,339)	(27,424)
Police Evidence Fund	13,532	13,532	13,532
Levy Excess Fund	615	615	615
Major Moves	81,113	81,015	81,113
Cumulative Capital Development	98,959	98,959	82,922
Redevelopment Commission	(9,417)	(9,751)	(8,478)
Cumulative Capital Improvement	(23,991)	(22,103)	(16,530)
CEDI.T.	38,560	38,560	38,560
Riverboat	(12)	(12)	(12)
L.O.I.T.	37,015	34,197	34,197
Leaf Assistance Program	111	111	111
Town Welcome	10	10	10
Police Donation	5,727	(5,659)	(8,035)
Holy Cross Patrol	3,435	3,435	3,435
Debt Service	(31,026)	3,861	15,758
Payroll	(40,275)	(71,811)	(71,681)
Totals	<u>\$ 341,102</u>	<u>\$ 253,753</u>	<u>\$ 272,390</u>

The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Some of the deficiencies include:

1. County distributions not receipted timely. (December 2011 settlement check for \$123,000 deposited but not posted to the records until November 2012).

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. County distributions posted to the wrong fund. (County distributions for Debt Service totaling \$41,620.82 were posted to the General Fund in 2012).
3. Refund received not posted timely. (A refund of \$2,812.50 was received and deposited in January 2011 but it was not posted to the records until November 2012 as a negative disbursement).
4. Transactions recorded as "negative" receipts and disbursements. (A duplicate receipt of \$13,883.35 in November 2012 was posted as a negative receipt).

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

Completed depository reconciliations of the fund balances to the bank account balances were not presented for examination for the two year examination period ending December 31, 2012. Our preliminary reconciliation for December 31, 2012, indicates that the adjusted bank balance of \$242,089 is greater than the calculated fund balance of \$238,729 by \$3,360.

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."

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties, interest, and other charges to Internal Revenue Service and the Indiana Department of Revenue in the amount of \$18,586.97 and \$499.93, respectfully, because the Town did not remit payments on a timely basis.

Of these amounts, \$15,447.52 and \$149.65 pertain to Susan J. Hammons, former Clerk-Treasurer, and since a prior report noted that future penalties and interest would be the responsibility of the former Clerk-Treasurer, we requested that Susan J. Hammons should repay these amounts to the Town. The remaining differences pertain to Robin Ackerson, current Clerk-Treasurer, and any future penalties and interest will be the responsibility of the current Clerk-Treasurer. (See Summary of Charges, page 13)

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)

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

PERSONAL EXPENSES - FORMER CLERK-TREASURER

We found reimbursements were made to Susan J. Hammons, former Clerk-Treasurer, for expenses that are considered personal and unrelated to the operation of the Town. The table below is a compilation of the description of the expense, the amount and date of the reimbursement:

<u>Description</u>	<u>Date of Expenditure</u>	<u>Amount</u>
Overcharge for mileage	March 14, 2011	\$ 16.32
Lodging expenses	May 4, 2011	529.25
Overcharge for mileage	May 4, 2011	10.89
Overcharge for mileage		24.81
Overcharge for food allowance	May 16, 2011	50.00
No documentation for reimburse	May 23, 2011	106.77
Fuel purchase	May 23, 2011	23.50
Overcharge for mileage	June 1, 2011	33.15
Repairs to personal vehicle	July 13, 2011	<u>151.84</u>
Total		<u>\$ 946.53</u>

We requested that Susan J. Hammons, former Clerk-Treasurer, reimburse the Town of Roseland the total amount of \$946.53 for mileage that was overcharged, personal meals and lodging expenses for personal time, and repairs to her personal vehicle. (See Summary of Charges, page 13)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PERSONAL EXPENSES - FORMER EMPLOYEE

We found reimbursements were made to former Town employee James Bowerman, the former Clerk-Treasurer's son, for expenses that are considered personal and unrelated to the operation of the Town. The table below is a compilation of the description of the expense, the amount and date of the reimbursement:

<u>Description</u>	<u>Date of Expenditure</u>	<u>Amount</u>
Repairs to personal vehicle	April 5, 2011	<u>\$ 264.61</u>

We requested that James Bowerman, former Town employee, reimburse the Town of Roseland the total amount of \$264.61 that was used for repairs to his personal vehicle. (See Summary of Charges, page 13)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROSELAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The financial report by fund presented for examination included the following funds with overdrawn cash balances at December 31, 2012:

Fund	Amount Overdrawn
Motor Vehicle Highway	\$ 78,808
Riverboat	12
Police Donation	5,659
Rainy Day	12,339
Redevelopment Commission	9,751
Cumulative Capital Improvement	22,103
Local Road and Streets	6,335
Payroll	71,811

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)

TOWN OF ROSELAND
EXIT CONFERENCE

The contents of this report were discussed on October 1, 2013, with Robin E. Ackerson, Clerk-Treasurer, and Elizabeth J. McCombs, President of the Town Council.

On October 2, 2013, a certified letter, which included a draft of the Examination Results and Comments, was sent to James Bowerman, former Town employee, requesting a meeting to conduct an exit conference. On October 31, 2013, the contents of this report were discussed with James Bowerman, former Town employee. On November 20, 2013, a certified letter, which included a draft of the Examination Results and Comments, was sent to Susan J. Hammons, former Clerk-Treasurer, requesting a meeting to conduct an exit conference. No response has been received from Susan J. Hammons, former Clerk-Treasurer.

TOWN OF ROSELAND
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Susan J. Hammons, former Clerk-Treasurer:			
Penalties, Interest, and Other Charges, page 9	\$ 15,597.17	\$ -	\$ 15,597.17
Susan J. Hammons, former Clerk-Treasurer:			
Personal Expenses - Former Clerk-Treasurer, page 10	946.53	-	946.53
James Bowerman, former Town employee:			
Personal Expenses - Former Employee, page 10	<u>264.61</u>	<u>-</u>	<u>264.61</u>
Totals	<u>\$ 16,808.31</u>	<u>\$ -</u>	<u>\$ 16,808.31</u>

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

(This page intentionally left blank.)

AFFIDAVIT

STATE OF INDIANA)
St Joseph COUNTY)

I, Alejandro Flores, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Roseland, St. Joseph County, Indiana, for the period from January 1, 2011 to December 31, 2012, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 11 day of December, 2013.



Notary Public

My Commission Expires: 10-5-2016
County of Residence: St Joseph

