

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

SPECIAL INVESTIGATION REPORT
OF

CLERK-TREASURER
TOWN OF BURLINGTON
CARROLL COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
03/09/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christy Shepherd Karen R. Dinger	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Stan Moore	01-01-11 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF TOWN OF BURLINGTON, CARROLL COUNTY, INDIANA

We have conducted a special investigation of the records of the Clerk-Treasurer, Town of Burlington, for the period from January 1, 2011 to December 31, 2014. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary of Charges as listed in the Table of Contents.

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

Any Official Response to the Special Investigation Results and Comments, incorporated within this report, was not verified for accuracy.

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

October 21, 2015

CLERK-TREASURER
TOWN OF BURLINGTON
SPECIAL INVESTIGATION RESULTS AND COMMENTS

CASH NECESSARY TO BALANCE

Depository reconciliations of the fund balances to the bank account balances were not presented for the year 2011.

We reconciled the Town's bank statements to its financial ledger. The December 31, 2011 reconciliation revealed cash necessary to balance of \$2,430.62 for the Sewage Operating (Sewage Checking Account) and cash necessary to balance of \$2,687.76 for the Town's Checking Account.

Receipts Not Deposited

As part of the reconciliation process, we performed a detail review of the bank deposits to the receipts recorded in the Sewage Operating fund. We compared the bank deposits of Sewage customer collections to the Sewage "Cash Deposit Reports." We identified bank deposits that did not include the cash amount of the collections. These identified shortages totaled \$2,530 for 2011.

Deposits Not Recorded

A review of distributions from the State of Indiana to the Town of Burlington revealed two payments deposited directly to the Town's bank account in 2011 which were never receipted or recorded to the Town's ledger. These deposits totaled \$2,724.60. After financial statements were adjusted to reflect these deposits, the Town's bank account was short an additional \$2,588.38.

Summary of Cash Necessary to Balance

Adjusted Bank Balances 12-31-11	\$ 1,352,723.69
Ledger Balance 12-31-11	<u>1,357,842.07</u>
Difference (Cash Short)	<u>\$ (5,118.38)</u>
Detail Cash Short:	
Receipts Not Deposited	\$ (2,530.00)
Deposits Not Recorded	(2,724.60)
Unidentified	<u>136.22</u>
Cash Necessary to Balance	<u>\$ (5,118.38)</u>

We requested Christy Shepherd, former Clerk-Treasurer, reimburse the Town the cash necessary to balance in the amount of \$5,118.38. (See Summary of Charges, page 9)

CLERK-TREASURER
TOWN OF BURLINGTON
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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."

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)

OFFICIAL BOND

Christy Shepherd, former Clerk-Treasurer, was covered by an official bond with Western Surety for the period January 1, 2011 to January 1, 2012 in the amount of \$25,000.

CLERK-TREASURER
TOWN OF BURLINGTON
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2015, with Christy Shepherd, former Clerk-Treasurer.

November 7, 2015

Mr. Paul Joyce

Cc: Mike Boozymski/Mary Jo Small

I write this statement in regards to the differences found by the State Board of Accounts for the audit year 2011 of my last year in office. I have been informed that two (2) town accounts were found in the deficit: Sewage Operating (\$2430.62), and Town (\$2687.76)

I spoke with someone over the phone in December of 2011 at SBOA (I do not remember a name now 4 years later) and requested an exit audit when my term was fulfilled. I was informed that our town was on schedule to be audited in two 2 years but not likely any sooner if there were no immediate concerns. (Those were not exact words, but that was basically the nature of the conversation as I can recall it 4 years later.) I was only inquiring for someone to come and do an exit audit for the purpose that my term was up and I wanted the "peace of mind." There were NO concerns that I had for requesting this. I assumed there was an official audit conducted as scheduled in 2013 for the years 2011-2012. Getting notified almost four years later on 10/6/15, it was very difficult to recall any decisions that were made back in 2011 and the reasons for the decisions at that time. But, here is my explanation to the best of my recollection.

In regards to the Sewage Operating account: there were multiple accounts on multiple occasions (I do not remember a specific number and I do not remember specific situations) that I needed to make adjustments on customers' accounts. There were several different reasons for doing this i.e. customer claimed to have paid with cash, customer paid before due date and needed late fee credit, customer rented property, etc.....I made the adjustments to the accounts to reflect the credit. I entered them as "cash." (If I remember correctly, there were only a couple options i.e. cash, check). I used the adjustments when a property went severely into delinquency, ultimately resulting in a lien being placed on the property. I want to make clear that I DO recall this account being off which is one reason why I requested an exit audit in 2011, however, I DO NOT recall the bank being off this much. I never made any type of adjustments to accounts of customers that I had any personal relationship with. I do understand that I may have entered some of these adjustments incorrectly and for that, I accept financial responsibility for this account. Because I cannot remember specific situations with this account, there is no possible way for me to clarify this account. I will make arrangements to pay this restitution back to the Town of Burlington ASAP if I am held accountable to the full amount.

In regards to the Town account: I have no explanation why there would be a difference. I requested the SBOA to revisit this account to find the discrepancy. This account (from what I recall) was mainly disbursements (bills) of the town and revenue. Any discrepancy should be found in one or the other. From what I understand, SBOA found the difference in the revenue. It was difficult to keep up and make sure that I posted everything in the system that was electronically deposited (I may have missed or deleted an email). I think the amount the bank was "off" matched another amount that was deposited. The auditors could not find the deposit anywhere. I asked if they were able to find which month exactly the bank went off. I balanced each month by comparing the bank statements received to the reports generated from the system of what I had posted for that month. I was never taught how to properly balance to the bank through the "Budget" system. I only attended the necessary computer program classes needed to get by so that I could generate monthly billing for utility, payroll, and receive and

disburse funds. I used the monthly bank statements that I received from the bank to compare and balance to what bills were paid and revenue received. If I remember correctly, I made notes in the binders if there was anything that didn't match up or that carried over to the next month. I am asking for understanding and forgiveness with this account. I strongly believe this account could be a duplicating error of some sort where I accidentally "receipted-in" funds twice into the system.

I am at a strong disadvantage to recall details and specifics since 4 years have passed. I also do not have the ability to come to Town Hall and work with the current Clerk-Treasurer to find the discrepancies due to my obligations with my current job. I do request that the Town checking account be revisited to find the discrepancy if possible.

I knew at that the time I accepted to run in the election that I was accepting responsibility to be held accountable for the town's financial practices. I accept those terms now. But, I will truly appreciate the forgiveness of the Town Account deficit of \$2687.76.

Respectfully,

Christy Shepherd

CLERK-TREASURER
TOWN OF BURLINGTON
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Christy Shepherd, former Clerk-Treasurer:			
Cash Necessary to Balance, pages 4 and 5	<u>\$ 5,118.38</u>	<u>\$ -</u>	<u>\$ 5,118.38</u>

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

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AFFIDAVIT

STATE OF INDIANA)
)
Tippecanoe COUNTY)

We, Pamela W. Williams, Cynthia J. Ropes, and Aaron Fiddler, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Clerk-Treasurer, Town of Burlington, Carroll County, Indiana, for the period from January 1, 2011 to December 31, 2014, is true and correct to the best of our knowledge and belief.

Pamela W. Williams

Cynthia J. Ropes

Aaron Fiddler
Field Examiners



Subscribed and sworn to before me this 1st day of March, 2016



LISA L. LIPPAI
Resident of
Tippecanoe County, IN
My Commission Expires
September 28, 2017

Lisa L. Lippai
Notary Public

My Commission Expires: 09/26/17

County of Residence: Tippecanoe