

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LIZTON

HENDRICKS COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
07/01/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tonya Perry	01-01-12 to 12-31-19
President of the Town Council	Robert Uhrick	01-01-12 to 12-31-12
	Charlie Graf	01-01-13 to 12-31-13
	Robert Fisher	01-01-14 to 12-31-14
	Robert Uhrick	01-01-15 to 12-31-15
	Lisé K. Crouch	01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF LIZTON, HENDRICKS COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Lizton (Town), for the period from January 1, 2012 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 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

April 11, 2016

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CLERK-TREASURER
TOWN OF LIZTON

CLERK-TREASURER
TOWN OF LIZTON
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies in the records were noted during the examination:

There were 12 state and local property tax distributions, totaling \$10,399, that were recorded as receipts to the wrong funds in the Town ledgers.

One of the ten travel claims selected for testing could not be located; therefore, the accuracy of the mileage amount disbursed could not be validated.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 7)

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)

PUBLIC RECORDS RETENTION - UTILITY BILLINGS

In the testing of utility billings, we were unable to verify the accuracy of the additional amount used to compute a portion of the bills for non-residential customers.

Nonresidential customers' bills were computed using the flat rate charged to residential customers plus an additional amount based on the number of people affiliated with the customer, for example, a church would be charged the flat rate plus a calculated amount based on the number of members in the church; a nursing home would be charged based on the number of beds, etc. Before the beginning of each calendar year, the Town called each nonresidential customer to obtain the current count to be used for their utility billing. Based upon the counts that were received, the Town generated the customer's bill. However, the Clerk-Treasurer did not retain and was unable to provide any supporting documentation of the numbers received from the nonresidential customers in order to verify the accuracy of the counts.

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

APPROPRIATIONS

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

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
LRS	2014	\$ 2,227
CCI	2014	334

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."

ERRORS ON CLAIMS

The Clerk-Treasurer approved claims to be paid by signing an "Allowance of Accounts Payable Voucher" (Allowance) form rather than signing each individual claim. The Allowance form included a space in the certification for the total dollar amount of the claims being approved. The signed forms presented for examination did not include the dollar amount being approved in the certification section.

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: . . .

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (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."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSETS

The Town has not properly maintained a complete inventory of capital assets owned. The Town had a fixed asset ledger; however, it had not been kept up to date. The variance between the Schedule of Capital Assets as reported on the Town's Annual Financial Report to the Town's capital asset ledger was \$1,740,494.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF LIZTON
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2016, with Tonya Perry, Clerk-Treasurer.

TOWN COUNCIL
TOWN OF LIZTON

TOWN COUNCIL
TOWN OF LIZTON
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
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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."

ERRORS ON CLAIMS

The Town Council approved claims to be paid by signing an "Allowance of Accounts Payable Voucher" (Allowance) form rather than signing each individual claim. The Allowance form includes a space in the certification for the total dollar amount of the claims being approved. The signed forms presented for examination did not include the dollar amount being approved in the certification section. Thus, we could not determine that the Town Council approved 100 percent of the claims submitted with each Allowance form.

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: . . .

(4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and

(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."

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TOWN COUNCIL
TOWN OF LIZTON
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2016, with Lisé K. Crouch, President of the Town Council.