

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
TOWN OF NEWBURGH
WARRICK COUNTY, INDIANA
January 1, 2014 to December 31, 2016



FILED
12/22/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jon Lybarger	06-26-13 to 12-31-19
President of the Town Council	Leanna K. Hughes	01-01-14 to 12-31-14
	William F. Kavanaugh	01-01-15 to 12-31-15
	Leanna K. Hughes	01-01-16 to 12-31-16
	Anne Rust Aurand	01-01-17 to 12-31-17
Utility Office Manager	Susan S. Helms	01-01-14 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF NEWBURGH, WARRICK COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Newburgh (Town), for the period from January 1, 2014 to December 31, 2016. 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

December 11, 2017

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TOWN COUNCIL
TOWN OF NEWBURGH

TOWN COUNCIL
TOWN OF NEWBURGH
EXAMINATION RESULTS AND COMMENTS

LOANS BETWEEN TOWN FUNDS

The Town Council approved Resolution 2015-03, effective December 30, 2015, which authorized the transfer of monies from certain funds to the General Fund as noted below:

Transfer from Fund	Transfer to Fund	Amount
EDIT	General Fund	\$ 60,000
CCD	General Fund	30,000
LR&S	General Fund	25,000
MVH	General Fund	25,000
Total		<u>\$ 140,000</u>

The transfers were made between the listed funds. At the time of the transfer, the General Fund cash balance was overdrawn \$110,650. The transfers made to the General Fund were not repaid by the end of the budget year nor at any time in the subsequent year.

The Town Council approved Resolution 2016-03, effective December 28, 2016, which authorized the transfer of monies from certain funds to the General Fund as noted below:

Transfer from Fund	Transfer to Fund	Amount
MVH	General Fund	\$ 4,137
Rainy Day Fund	General Fund	30,000
Boat Ramp	General Fund	40,000
Street Cut	General Fund	4,053
EDIT Fund Sinking	General Fund	35,000
Deposits	General Fund	3,500
CCI	General Fund	30,000
CCD	General Fund	38,000
Lock & Dam Park Capital	General Fund	30,000
Community Park CCIF	General Fund	11,000
EDIT	General Fund	185,000
Total		<u>\$ 410,690</u>

The transfers were made between the listed funds, except for the EDIT Fund Sinking which was instead added to the amount transferred from the EDIT fund for a total transferred from EDIT of \$220,000. At the time of the transfers, the General Fund cash balance was overdrawn \$393,985. The transfers made to the General Fund were not repaid by the end of the budget year nor at any time in the subsequent year.

TOWN COUNCIL
TOWN OF NEWBURGH
EXAMINATION RESULTS AND COMMENTS
(Continued)

A repayment would not be required to the Rainy Day Fund or CCI fund as transfers from these funds to a general fund are permitted by statute.

Indiana Code 36-1-8-4 states in part:

"(a) The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met: . . .

(3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.

(4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

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 unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

COMPENSATION

There was not a salary ordinance adopted for 2016 as of January 1, 2016; therefore, the 2015 salary ordinance, Ordinance 2015-05, remained in effect. On March 17, 2016, the Town Council adopted an amended salary ordinance, Ordinance 2016-04, which resulted in change in the compensation paid to the Clerk-Treasurer for 2016. According to the Ordinance 2015-05, the compensation for the Clerk-Treasurer was set at \$1,845 biweekly, which would result in an annual salary of \$47,970. However, the actual compensation paid to the Clerk-Treasurer in 2016 was \$48,827.04. This resulted in a salary overpayment to Jon Lybarger (Lybarger), Clerk-Treasurer, of \$857.04.

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees.

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year. . . ."

We requested that Lybarger reimburse the Town \$857.04 for the increase to his 2016 compensation. On December 5, 2017, Lybarger remitted \$857.04 to the Town for reimbursement of salary overpayments.

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EXIT CONFERENCE

The contents of this report were discussed on December 11, 2017, with Jon Lybarger, Clerk-Treasurer; Leanna K. Hughes, Town Council member; William F. Kavanaugh, Town Council member; Susan S. Helms, Utility Office Manager; Christy Powell, Town Manager; Christopher C. Wischer, Town Attorney; Rosanne McMichael, Deputy Clerk-Treasurer; and Gordon H. Bennett, Accounts Payable Clerk.