

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF EDWARDSPORT

KNOX COUNTY, INDIANA

January 1, 2012 to December 31, 2013



**FILED**  
01/18/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia Roark	01-01-12 to 09-30-12
	Courtney Durham	10-01-12 to 01-31-15
	Patricia Roark	02-01-15 to 09-30-15
	Connie Dinkins	10-01-15 to 12-31-19
President of the Town Council	Jennifer Holscher	01-01-12 to 02-07-16
	Darrel Julian, Jr.	02-08-16 to 12-31-16
	Daniel Dinkins	01-01-17 to 12-31-17
Superintendent of Water Utility	Earl Horst	01-01-12 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF EDWARDSPORT, KNOX COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Edwardsport (Town), for the period from January 1, 2012 to December 31, 2013. 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/](http://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 4, 2017

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CLERK-TREASURER  
TOWN OF EDWARDSPORT

CLERK-TREASURER  
TOWN OF EDWARDSPOORT  
EXAMINATION RESULTS AND COMMENTS

**COUNCIL MINUTES**

Minutes of the meetings of the Town Council for the months of October, November, and December in 2012, as well as for the months of January through August and October through December in 2013 were not provided for examination.

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 of 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

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."

**ORDINANCES NOT PRESENTED**

A similar comment also appeared in prior Reports B33391 and B41365 entitled, *COMPENSATION AND BENEFITS*.

Ordinances adopted by the Town Council were not recorded or retained by the Clerk-Treasurer. Minutes of the meetings of the Town Council referred to ordinances being adopted, but requested copies of the ordinances could not be provided for examination.

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

Indiana Code 36-5-2-10.2 states:

"Within a reasonable time after an ordinance of the legislative body is adopted, the clerk-treasurer shall record it in a book kept for that purpose. The record must include:

- (1) the signature of the executive;
- (2) the attestation of the clerk-treasurer; and
- (3) the date of each recorded item.

The record or a certified copy of it constitutes presumptive evidence of the adoption of the ordinance."

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 permission of the administration."

***BANK ACCOUNT RECONCILIATIONS***

Bank account reconciliations were not presented for the period examined.

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."

***PUBLIC RECORDS RETENTION***

A similar comment also appeared in prior Reports B29063, B33391, and B41365 entitled, *PRESCRIBED FORMS*.

The following prescribed forms were either not in use or not presented for examination:

- Ledger of Receipts, Disbursements, and Balances (City and Town Form 208)
- Ledger of Appropriations, Encumbrances, Disbursements, and Balances (City and Town Form 209)
- Simplified Cash Journal - Water Utility - Class C (Utility Form 319)
- Consumer's Ledgers (Utility Form No. 321)
- Guarantee Deposit Receipt (Utility Form No. 310)

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

- Guarantee Deposit Register (Utility Form No. 314)
- Payroll Schedule and Voucher (General Form 99)

In addition to the prescribed forms listed above, Internal Revenue Service Wage and Tax Statement (W-2) was not presented for examination for 2012.

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."

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)

***ERRORS ON CLAIMS***

The same comment also appeared in prior Reports B29063, B33391, and B41365.

Of the 20 claims tested, 6 either had no documentation attached, or the documentation did not adequately explain the purchases that were made. There was no evidence the Clerk-Treasurer, as Fiscal Officer, audited or certified the invoice being paid was true and correct prior to the payment being made.

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 EDWARDSPORT  
EXAMINATION 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. . . ."

**REQUIRED REPORTS**

The Annual Financial Report for 2012 was filed on July 9, 2013, which was in excess of 60 days late, and the Annual Financial Report for 2013 was filed on April 22, 2014, which was 52 days late.

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) filed for 2012 was filed on July 8, 2013, which was in excess of 60 days late.

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

Indiana Code 5-11-13-1(a) states in part:

"Every . . . town . . . official, elective or appointive, who is the head of or in charge of any office . . . of any . . . town . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

**TAXES NOT PAID**

The Town did not remit all required payments for payroll taxes, utility receipts tax, and sales tax during the examination period. Sufficient records were not available to determine the number of payments, or the total amount of taxes not remitted timely.

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)

State Board of Accounts  
302 West Washington Street, Room E 418  
Indianapolis, Indiana 46204-2765

RE: Official Response  
Town of Edwardsport Audit 2012/13

December 8, 2017

As former clerk-treasurer of the Town of Edwardsport, I wish to respond to the findings of the most current audit.

I was asked by the council to return after the previous clerk-treasurer (Courtney Dunham) resigned. Upon my return, I found several things that had either not been done at all or done incorrectly.

1. There had been no minutes formally kept. I had made attempts in finding them. As I recall, I did find a legal pad with some notes and I placed that with the minute book. When I left, the minute book with those notes was located in drawer behind the desk of the clerk-treasurer.
2. There had been no entries for appropriations nor had there been any bank reconciliations. Upon this discovery, I made attempts to try to locate vouchers (which I don't believe I did) to make entries. I realized I needed professional help in this matter and contacted Suzy Bass from HR Resources. I worked with Suzy for a while to try to get things back in order. Because of limited funds, I was not able to keep her as long as I had hoped for but felt that it was in adequate standing. From there on, I kept the appropriations and cut checks using Keystone software. Monthly, I would back up on a thumb drive and print out reports. When I left, everything was in order.
3. The Water Deposit ledger was missing. When I left office, this ledger was located in a filing cabinet in the treasurer's office behind the office door.
4. The Capital Assets ledger was missing. After I had my first audit, this was a finding. I had done this and it was also kept in a filing cabinet in the treasurer's office. To my knowledge, it was still there the day I left office.
5. Ordinances were kept in the minute book and in a folder located in the treasurer's office. To my knowledge, it was there when I left office.

When the transition between myself and the previous and current clerk treasurer took place, I made every effort to make sure everything was in order. My first time as treasurer, I was not given any training except how to process water payments. I realized very quickly there was more to it. I worked many days and evenings to bring everything back to par, both times I was treasurer. I took pride in my work and did annual training and had a network I could go to. I did not want anyone else going thru the shock of being a clerk-treasurer or learning the hard way.

I am proud to have been clerk-treasurer two separate times and to have been able to serve my community in this capacity. Please feel free to contact me with any questions.

Sincerely,

Patricia M. Roark  
400 W Shipping Street  
Edwardsport, IN 47528

CLERK-TREASURER  
TOWN OF EDWARDSPORT  
EXIT CONFERENCE

The contents of this report were discussed on December 4, 2017, with Connie Dinkins, Clerk-Treasurer, and Daniel Dinkins, President of the Town Council. The contents of this report were discussed on December 6, 2017, with Patricia Roark, former Clerk-Treasurer.

TOWN COUNCIL  
TOWN OF EDWARDSPORT

TOWN COUNCIL  
TOWN OF EDWARDSPORT  
EXAMINATION RESULT AND COMMENT

***ERRORS ON CLAIMS***

The same comment also appeared in prior Reports B29063, B33391, and B41365.

Of the 20 claims tested, 6 either had no documentation attached, or the documentation did not adequately explain the purchases that were made. There was no evidence of allowance by the Town Council, prior to payment being made, for either year of the examination period.

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
- (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. . . ."

TOWN COUNCIL  
TOWN OF EDWARDSPORT  
EXIT CONFERENCE

The contents of this report were discussed on December 4, 2017, with Connie Dinkins, Clerk-Treasurer, and Daniel Dinkins, President of the Town Council.