

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CAYUGA

VERMILLION COUNTY, INDIANA

January 1, 2012 to December 31, 2016



**FILED**  
02/15/2018



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Examination Results and Comments:	
Annual Financial Report.....	6
Appropriations .....	6-7
Condition of Records.....	7
Overdrawn Cash Balances .....	7
Errors on Claims .....	7-8
Ordinances and Resolutions.....	8
Exit Conference .....	9
Town Council:	
Examination Result and Comment:	
Ordinances and Resolutions.....	12
Exit Conference .....	13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sami L. Dillon Tamara Hetrick	01-01-08 to 12-31-15 01-01-16 to 12-31-18
President of the Town Council	Ron Brink	01-01-12 to 12-31-18
Superintendent of Utilities	George Hinote	01-01-12 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CAYUGA, VERMILLION COUNTY, INDIANA

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

January 3, 2018

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CLERK-TREASURER  
TOWN OF CAYUGA

CLERK-TREASURER  
TOWN OF CAYUGA  
EXAMINATION RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

The same comment also appeared in prior Report B41439.

The following deficiencies with the Town's Annual Financial Report (AFR) were noted:

1. Of the AFRs filed for the examination period, four were not submitted timely as follows:

<u>Report Years</u>	<u>Days Past Due Date</u>
2012	129
2013	51
2014	74
2015	24

2. The receipts, disbursements, and cash balances reported for 2014 and 2015 did not agree to the Town's ledger because the previous Clerk-Treasurer had not posted the records. The balances were traced after the current Clerk-Treasurer posted the ledgers.

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."

**APPROPRIATIONS**

A similar comment also appeared in prior Reports B30572, B38093, and B41439, entitled *APPROPRIATIONS*.

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Park	2012	\$ 145
Cumulative Capital Improvement	2012	1,942
Motor Vehicle Fund	2013	1,049
Park	2014	19,057
Park	2015	6,303
Cumulative Capital Improvement	2015	2,100

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

Indiana Code 36-5-4-2 states in part: ". . . town monies may be disbursed only after an appropriation made by ordinance of the town legislative body and recorded in a book kept for the purpose by the legislative body. Each appropriation must be made from the fund against which the expenses arose."

**CONDITION OF RECORDS**

The same comment also appeared in prior Report B41439.

The following deficiencies with recordkeeping were identified during our period of examination:

1. Thirty-eight state and local distribution receipts totaling \$167,019 were posted to incorrect funds.
2. The Clerk-Treasurer did not post the Ledger of Receipts, Disbursements and Balances for the Town for 2014 and 2015 until the examination started.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**OVERDRAWN CASH BALANCES**

The Wastewater Utility-Operating fund was overdrawn by \$81,183 at December 31, 2016.

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)

**ERRORS ON CLAIMS**

The same comment also appeared in prior Reports B30572, B38093, and B41439.

The following deficiencies were noted on claims during the examination period:

1. Of the claims tested, 7 percent did not have supporting documentation attached.
2. Of the claims tested, 14 percent were for items or services which benefitted both the Town and the Utilities, but expenses were not divided between the each.
3. Of the claims tested, 93 percent were paid prior to Town Council approval.

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

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. . . ."

**ORDINANCES AND RESOLUTIONS**

The same comment also appeared in prior Report B41439.

The Superintendent of Utilities was not paid according to the salary ordinance. The salary ordinance provided that the Superintendent of Utilities would be paid from the Wastewater Utility Operating fund, Water Operating fund, and Motor Vehicle Fund. However, the ordinance did not specify the portion to be paid from each fund. The Superintendent of Utilities' salary was paid entirely from the Water Operating fund for the entire examination period.

The Water Utility had an ordinance concerning disconnection of service for customers with delinquent water bills. The former Clerk-Treasurer's water had not been disconnected even though the balance of her account was \$4,344 and it was delinquent past the number of days provided in the ordinance for disconnection.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF CAYUGA  
EXIT CONFERENCE

The contents of this report were discussed on January 3, 2018, with Sami L. Dillon, former Clerk-Treasurer; Tamara Hetrick, Clerk-Treasurer; Albert Clark, Town Council member; Ron Brink, President of the Town Council; Neal Smith, Town Council member; Cindy Wilson, Town Council member; and Mike Haworth, Town Council member.

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TOWN COUNCIL  
TOWN OF CAYUGA

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EXAMINATION RESULT AND COMMENT

***ORDINANCES AND RESOLUTIONS***

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EXIT CONFERENCE

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