

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF RUSSIAVILLE

HOWARD COUNTY, INDIANA

January 1, 2013 to December 31, 2016



**FILED**  
05/04/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Downey Megan Reel	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Jeff Lipinski	01-01-13 to 12-31-18
Superintendent of Water Utility	Craig Thompson	01-01-13 to 07-31-15
Superintendent of Wastewater Utility	Matt Armstrong A. J. Humerickhouse Craig Thompson	01-01-13 to 07-31-14 08-01-14 to 03-13-15 03-14-15 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF RUSSIAVILLE, HOWARD COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Russiaville (Town), for the period from January 1, 2013 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

March 21, 2018

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CLERK-TREASURER  
TOWN OF RUSSIAVILLE

CLERK-TREASURER  
TOWN OF RUSSIAVILLE  
EXAMINATION RESULTS AND COMMENTS

**FUND SOURCES AND USES**

The Town made transfers from the Cumulative Capital Development fund to the Payroll fund in 2014. Allowable uses for the Cumulative Capital Development fund are referenced in Indiana Code 36-9-15.5-2.

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**ORDINANCES AND RESOLUTIONS**

A similar comment appeared in prior Report B43032.

The Town adopted salary ordinances for each year. The salary ordinances designated the funds from which each employee should be paid. Transfers to the Payroll fund were made from funds which were not identified in the salary ordinance. In the year 2014, these transfers caused expenditures from several funds to exceed appropriations for the year (see the comment entitled "Appropriations").

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)

**ANNUAL FINANCIAL REPORT**

The Annual Financial Reports did not include the balances and transactions of all Town funds. The Wastewater debt servicing funds on deposit with the Bank of New York were not included for the years 2013, 2014, 2015, or 2016. The Water Utility Sale Fund used to account for the proceeds from the sale of the Town's Water Utility was not included for the year 2015.

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."

**PRESCRIBED FORMS**

For the years 2013, 2014, and 2015, the Clerk-Treasurer maintained dual records - manually kept records on prescribed forms and unapproved computer spreadsheets. Neither set of records was complete. The manually kept records for the Water Utility funds were not maintained for the months of April through December 2014. The computer spreadsheets contained details of transactions only for the General fund and did not include details of transactions for any utility funds. No records of the Trash Disposal fund were presented for examination for the years 2013 and 2014.

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

Also, Prescribed Form, General Form No. 101 - Mileage Claim was not used during the examination period.

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 B38695 and B43032.

A test of claims identified the following deficiencies:

1. Claims were not prepared for 16 percent of disbursements tested.
2. No documentation of Town Council approval was noted for 76 percent of disbursements tested.
3. No supporting documentation was presented for 20 percent of disbursements tested.
4. The prescribed form was not in use for 4 percent of disbursements tested.

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. . . ."

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)

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

**APPROPRIATIONS**

The same comment also appeared in prior Report B43032 and a similar comment also appeared in prior Report B38695, entitled *APPROPRIATIONS OVERSPENT*.

The records presented for examination indicated expenditures in excess of budgeted appropriations as follows:

<u>Years</u>	<u>Fund</u>	<u>Amount</u>
2013	General	\$ 14,137
2013	Motor Vehicle Highway	46,456
2014	General	211,427
2014	Cumulative Capital Improvement	5,679
2014	Cumulative Capital Improvement	6,900
2015	General	206,167
2016	Motor Vehicle Highway	40,698

Indiana Code 36-5-4-2 states:

"Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body and recorded in a book kept for that purpose by the legislative body. Each appropriation must be made from the fund against which the expenses arose."

Town of Russiaville  
250 N. Union St.  
P.O. Box 278  
Russiaville, IN 46979  
765-883-5739

CORRECTIVE ACTION PLAN

ORDINANCES AND RESOLUTIONS

Contact Person Responsible for Corrective Action: Megan Reel, Clerk-Treasurer  
Contact Phone Number: 765-883-5739

Views of Responsible Official: We concur with the Examination Result and  
Comment

Description of Corrective Action Plan: We implemented Keystone computer  
system January 1, 2016 allowing us to better track transactions for the various  
funds of the Town. Thus the problem that existed during the examination period  
and was noted primarily during the year 2014 in the ERC has been corrected as of  
January 1, 2016.

Megan M. Reel  
Signature

Clerk Treasurer  
Title

3/24/18  
Date

**Town of Russiaville  
250 N. Union St.  
P.O. Box 278  
Russiaville, IN 46979  
765-883-5739**

**CORRECTIVE ACTION PLAN**

**ERRORS ON CLAIMS**

Contact Person Responsible for Corrective Action: Megan Reel, Clerk-Treasurer  
Contact Phone Number: 765-883-5739

Views of Responsible Official: We concur with the Examination Result and  
Comment

Description of Corrective Action Plan: We implemented Keystone computer  
system January 1, 2016. There is a voucher created for all monies being spent.  
The voucher and check stub are always attached to an invoice or receipt. These  
errors occurred before I became Clerk-Treasurer on January 1, 2016 and have  
been being done correctly as of that date.

Megan M. Reel  
Signature

Clerk Treasurer  
Title

3/21/18  
Date

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250 N. Union St.  
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CORRECTIVE ACTION PLAN

APPROPRIATIONS

Contact Person Responsible for Corrective Action: Megan Reel, Clerk-Treasurer  
Contact Phone Number: 765-883-5739

Views of Responsible Official: We concur with the Examination Result and  
Comment

Description of Corrective Action Plan: We implemented Keystone computer system January 1, 2016, allowing us to better track transactions. 2016 was my first year in office, and I was trying to figure everything out. Going through a learning curve if you will. Effective January 1, 2017 we are being more diligent and staying within our approved budget.

Megan M. Reel

Signature

Clerk Treasurer

Title

3/24/18

Date

CLERK-TREASURER  
TOWN OF RUSSIAVILLE  
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2018, with Megan Reel, Clerk-Treasurer, and Don Parvin, Town Council member.

TOWN COUNCIL  
TOWN OF RUSSIAVILLE

TOWN COUNCIL  
TOWN OF RUSSIAVILLE  
EXAMINATION RESULT AND COMMENT

**APPROPRIATIONS**

The same comment also appeared in prior Report B43032 and a similar comment also appeared in prior Report B38695, entitled *APPROPRIATIONS OVERSPENT*.

The records presented for examination indicated expenditures in excess of budgeted appropriations as follows:

Years	Fund	Amount
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2013	Motor Vehicle Highway	46,456
2014	General	211,427
2014	Cumulative Capital Improvement	5,679
2014	Cumulative Capital Improvement	6,900
2015	General	206,167
2016	Motor Vehicle Highway	40,698

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."

TOWN COUNCIL  
TOWN OF RUSSIAVILLE  
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2018, with Megan Reel, Clerk-Treasurer, and Don Parvin, Town Council member.