

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF PALMYRA

HARRISON COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
06/27/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Results and Comments:	
Penalties, Interest, and Other Charges.....	6-7
Federal and State Agencies - Compliance Requirements.....	7
Official Bond Coverage	7
Exit Conference	8
Summary of Charges	9
Affidavit	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tiffany L. Cardwell Christopher W. French (Vacant) Christen (Kupcak) Yocum Debra L. Jones	07-13-10 to 12-28-12 12-29-12 to 05-10-13 05-11-13 to 05-15-13 05-16-13 to 04-12-15 04-13-15 to 12-31-19
President of the Town Council	Virginia L. Kirkham	01-01-12 to 12-31-18
Superintendent of Water Utility	Randy Trett	01-01-12 to 12-31-18
Superintendent of Wastewater Utility	Jim Hale	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 PALMYRA, HARRISON COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Palmyra (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 Statement Examination Report of the Town, which provides our opinion on the Town's financial statement. 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 30, 2018

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CLERK-TREASURER
TOWN OF PALMYRA

CLERK-TREASURER
TOWN OF PALMYRA
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

A similar comment appeared in prior Report B37782.

The Town was assessed and subsequently paid penalties, interest, and other charges totaling \$19,247.29 to the Internal Revenue Service (IRS) and Indiana Department of Revenue (IDOR) during the examination period.

Payments to the IRS

The Town, Water Utility, and Wastewater Utility paid penalties and interest totaling \$16,579.16 for failing to properly and timely file the Employer's Quarterly Federal Tax Return (Form 941) and late remittance of payroll withholding taxes as follows:

Years	Penalties	Interest	Totals
	Assessed and Paid	Assessed and Paid	
2013	\$ 829.71	\$ 50.17	\$ 879.88
2014	<u>14,117.46</u>	<u>1,581.82</u>	<u>15,699.28</u>
Totals	<u>\$ 14,947.17</u>	<u>\$ 1,631.99</u>	<u>\$ 16,579.16</u>

Payments to the IDOR

The Town paid penalties, interest, and collection fees totaling \$494.31 to the IDOR for the late remittance of payroll withholding taxes as follows:

Payroll Withholding Taxes				
Years	Penalties	Interest	Collection Fee	Totals
2013	\$ 312.35	\$ 19.24	\$ 11.57	\$ 343.16
2014	-	87.58	56.45	144.03
2015	<u>-</u>	<u>7.12</u>	<u>-</u>	<u>7.12</u>
Totals	<u>\$ 312.35</u>	<u>\$ 113.94</u>	<u>\$ 68.02</u>	<u>\$ 494.31</u>

The Water Utility paid penalties, interest, and collection fees totaling \$1,004.49 to the IDOR for failing to file Indiana Sales Tax Return (Form ST-103) and the late remittance of sales taxes as follows:

Indiana Sales Taxes				
Years	Penalties	Interest	Collection Fee	Totals
2014	\$ -	\$ 634.92	\$ 335.00	\$ 969.92
2015	<u>-</u>	<u>34.57</u>	<u>-</u>	<u>34.57</u>
Totals	<u>\$ -</u>	<u>\$ 669.49</u>	<u>\$ 335.00</u>	<u>\$ 1,004.49</u>

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

The Water Utility paid penalties and interest totaling \$1,169.53 to the IDOR for failing to file Utility Receipt Tax Return (Form URT-1) and the late remittance of utility receipt taxes as follows:

Utility Receipts Tax			
Year	Penalties	Interest	Total
2014	<u>\$ 1,031.63</u>	<u>\$ 137.90</u>	<u>\$ 1,169.53</u>

Christen (Kupcak) Yocum (Yocum), former Clerk-Treasurer, was responsible for filing remittance reports and for making timely remittances of taxes related to the penalties and interest that were assessed and paid.

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)

We requested that Yocum reimburse the Town and Water Utility \$19,247.49 for penalties, interest, and other charges paid. (See Summary of Charges, page 9)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town did not comply with directives of the IRS, IDOR, and Indiana Department of Workforce Development by failing to properly and/or timely remit payroll withholding and other applicable taxes during 2013, 2014, and 2015.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OFFICIAL BOND COVERAGE

The Town obtained public official bond coverage for Yocum through Western Surety Company for the term May 16, 2013 to January 1, 2016, in the amount of \$30,000.

CLERK-TREASURER
TOWN OF PALMYRA
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2018, with Debra L. Jones, Clerk-Treasurer; Virginia L. Kirkham, President of the Town Council; Christal Ingle, Town Council member; and Mike Shireman, Town Council member.

We attempted to discuss the contents of this report with Christen (Kupcak) Yocum, former Clerk-Treasurer. An invitation to an Exit Conference, delivered by electronic mail on April 19, 2018, was not responded to. We also did not receive a response to a certified letter that was mailed and delivered on May 1, 2018.

TOWN OF PALMYRA
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Christen (Kupcak) Yocum, former Clerk-Treasurer:			
Penalties, Interest, and Other Charges - IRS, page 6	\$ 16,579.16	\$ -	\$ 16,579.16
Penalties, Interest, and Other Charges - IDOR, pages 6 and 7	<u>2,668.33</u>	<u>-</u>	<u>2,668.33</u>
Totals	<u>\$ 19,247.49</u>	<u>\$ -</u>	<u>\$ 19,247.49</u>

This report was forwarded to the Office of the Attorney General.

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AFFIDAVIT

STATE OF INDIANA)
)
Clark COUNTY)

We, Darlene M. Stumler and Mitchell A. Fields, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Palmyra, Harrison County, Indiana, for the period from January 1, 2012 to December 31, 2016, is true and correct to the best of our knowledge and belief.

Darlene M. Stumler

Mitchell A. Fields
Field Examiners

Subscribed and sworn to before me this 18th day of June, 2018.

Susan Popp
Clerk of the Circuit Court

