

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SHOALS

MARTIN COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED
09/26/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lori Butler	01-01-12 to 12-31-18
President of the Town Council	Earl Boyd, Jr.	01-01-13 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF THE TOWN OF SHOALS, MARTIN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Shoals (Town), for the period from January 1, 2013 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Audit 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 16, 2018

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CLERK-TREASURER
TOWN OF SHOALS

CLERK-TREASURER
TOWN OF SHOALS
AUDIT RESULTS AND COMMENTS

OVERPAYMENT OF CLERK-TREASURER'S SALARY

During the audit period, Lori Butler (Butler), Clerk-Treasurer, was paid \$.50 more per hour than the wage approved on the salary ordinance for each respective year. This resulted in an overpayment of the Clerk-Treasurer's salary for each year as follows:

<u>Years</u>	<u>Amount Approved Per Salary Ordinance</u>	<u>Annual Salary Amount*</u>	<u>Actual Compensation Paid</u>	<u>Overpayment</u>
2013	14.72/hr + \$4500/yr	\$ 35,117.60	\$ 36,145.44	\$ 1,027.84
2014	14.72/hr + \$4500/yr	35,117.60	36,150.40	1,032.80
2015	14.72/hr + \$4500/yr	35,117.60	36,150.40	1,032.80
2016	15.72/hr + \$4500/yr	37,197.60	38,150.40	952.80
2017	17.89/hr	37,211.20	38,368.20	1,157.00
Totals for Audit Period		<u>\$ 179,761.60</u>	<u>\$ 184,964.84</u>	<u>\$ 5,203.24</u>

*Annual salary amount is calculated by taking the hourly rate times 80 hours x 26 pays and adding the annual amount.

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)

We requested that Butler reimburse the Town of Shoals \$5,203.24 for the overpayment of the Clerk-Treasurer's salary. (See Summary of Charges, page 11)

OFFICIAL BOND COVERAGE

Butler obtained a public official bond through Wester Surety Company for the annual periods between January 1, 2013 and December 31, 2017, in the amount of \$30,000 per year.

TOWN OF SHOALS

P.O. Box 1078

Shoals, Indiana 47581

(812) 247-2110 (Phone)

(812) 247-3690 (Fax)

townofshoals@frontier.com

EARL BOYD, JR.

President

CECIL RAGSDALE

Vice-President

CLINT HOFFMAN

Member

LORI BUTLER

Clerk-Treasurer

August 22, 2018

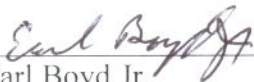
To whom it may concern,

As a Council member of almost 15 years now, I can vouch that anytime an employee received a raise increase, all employee's including the Clerk-Treasurer, received a raise. I was Council President in 2012 and I am positive the Clerk-Treasurer should have received the \$0.50 raise. I have spoke to another Council member that sat with me in 2012, and he also agree's that the Clerk-Treasurer should have been included in the pay raise along with the employee's in 2012.

The Council did not add the hourly wages on the Salary & Benefit Ordinance, that the Deputy Clerk typed, to make sure the raise was reflected in those amounts. We assumed that when we read and passed the minutes, the pay raise would have been added onto the Salary & Benefit Ordinance correctly. The Council has always considered the Clerk-Treasurer as an employee when discussing and giving pay raises.

This had been an honest mistake on all of our parts and I don't feel like the Clerk-Treasurer should have to pay for everyone's mistake.

Thank you,



Earl Boyd Jr.
Council President
Town of Shoals

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President

CECIL RAGSDALE
Vice-President

CLINT HOFFMAN
Member

LORI BUTLER
Clerk-Treasurer

August 22, 2018

RE: Official Response

To whom it may concern:

This letter is in response to the recent audit, and its findings. During the audit, the auditor found an error on the 2013 Salary & Benefit Ordinance that was passed in December of 2012 at the yearly Year End Meeting.

I took office in January of 2008. The Council gave everyone, including the Clerk-Treasurer, a \$1.00 raise at the Year End Meeting in December of 2008. The Council also agreed to give the Clerk-Treasurer an additional \$1.15 per hour for opting out of health insurance. From 2009 through 2011 there were no raises, but during the 2012 meeting the Council agreed to give all employees, including the Clerk-Treasurer, a \$0.50 raise.

While typing the 2013 Salary & Benefit Ordinance, the Deputy Clerk made a mistake and inadvertently did not add the raise to the Clerk-Treasurer's pay to reflect the raise. The Deputy Clerk admits to making this mistake, and was with the understanding, as with the other employees, that the Clerk-Treasurer was included in this pay raise. The current Council President, who was on the Council at the time that the 2013 Salary & Benefit Ordinance was passed agrees that the raise did include the Clerk-Treasurer. A former Council Member, who was on the Council at the time of this pay raise, also agrees that the raise did include the Clerk-Treasurer. Council Earl Boyd Jr. and former Council Member Roger Abel Jr., both of which were on the Council in 2012, as well as all employees have signed letters stating that they knew the raise was to include the Clerk-Treasurer.

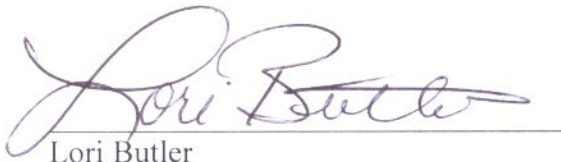
When subsequent salary ordinances were passed, the increases, if any, were made based on the prior ordinance and as a result the error continued for the 2014, 2015, 2016, and 2017 salary ordinances. In the years leading up to 2014, the Clerk-Treasurer always got the same raise as all other employees, except for the years the Clerk-Treasurer opted out of the raise on her own. The only time the Clerk-Treasurer didn't get a raise was in 2013 and 2014 when she opted out due to taking the Town's health insurance back in March of 2013.

In March of 2013, my husband was furlowed from his job, leaving our family without health insurance. I asked the Council if I could go back onto the Town's health insurance and they agreed that I could. At the Year End Meeting in 2013 and 2014, all employees received \$0.50 raise each year except the Clerk-Treasurer. I felt by opting out of two raises, it was a way for me to give back to the town since I had to go back on the health insurance, and because my salary couldn't be changed per IC 36-5-3-2.

In 2016 everyone, including the Clerk-Treasurer, received a raise of \$1.00 and there were no raises in 2017.

This letter is in response to the results and comments of this audit. I am asking the State Board of Accounts to take a look at the evidence that I can provide to show that I should of received the \$0.50 raise in 2013 and that it was an honest mistake. Thank you for taking time to read my response.

Sincerely,

A handwritten signature in cursive script that reads "Lori Butler". The signature is written in dark ink and is positioned above a horizontal line.

Lori Butler
Clerk-Treasurer
Town of Shoals

CLERK-TREASURER
TOWN OF SHOALS
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2018, with Lori Butler, Clerk-Treasurer, and Earl Boyd, Jr., President of the Town Council.

CLERK-TREASURER
TOWN OF SHOALS
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Lori Butler, Clerk-Treasurer:			
Overpayment of Clerk-Treasurer's Salary, page 6	\$ 5,203.24	\$ -	\$ 5,203.24
	<u> </u>	<u> </u>	<u> </u>

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

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AFFIDAVIT

STATE OF INDIANA)
Daviess COUNTY)

I, Christie Wessel, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Shoals, Martin County, Indiana, for the period from January 1, 2013 to December 31, 2017, is true and correct to the best of my knowledge and belief.

Christie Wessel
Field Examiner

Subscribed and sworn to before me this 19th day of September, 2018.

Andrea M Martin
Notary Public

My Commission Expires: Nov. 28, 2023
County of Residence: Daviess

