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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WOLCOTTVILLE

LAGRANGE COUNTY, INDIANA

January 1, 2015 to December 31, 2016


FILED
12/13/2019

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## SCHEDULE OF OFFICIALS

| Office | Official | Term |
|---|---|---|
| Clerk-Treasurer | June Wood | 07-16-14 to 12-31-19 |
| President of the Town Council | Dean Domer | 01-01-11 to 12-31-15 |
| | Greg Ringler | 01-01-16 to 12-31-18 |
| | Jason Boggs | 01-01-19 to 12-31-19 |
| Superintendent of Water Utility | Johnny Huff | 01-01-15 to 12-31-19 |
| Superintendent of Wastewater Utility | Matthew Jordan | 01-01-15 to 12-31-19 |

**STATE OF INDIANA**
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF WOLCOTTVILLE, LAGRANGE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Wolcottville (Town), for the period from January 1, 2015 to December 31, 2016. 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 Statement Audit 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 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

November 26, 2019

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CLERK-TREASURER
TOWN OF WOLCOTTVILLE

## *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*

*Condition and Context*

The Town had not established an adequate system of internal control related to financial transactions and reporting. The Town had not separated incompatible activities related to cash and investments, receipts, disbursements, which includes payroll, and financial close and reporting. The failure to establish these controls could have enabled material misstatements to occur and remain undetected.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

> "Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.
>
> An integral part of the control activity component is segregation of duties. . . .
>
> There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

## *CERTIFICATION ON INTERNAL CONTROL STANDARDS*

*Condition and Context*

The Clerk-Treasurer incorrectly certified in the Indiana Gateway for Government Units (Gateway) financial reporting system that the Town had adopted and provided training on required internal control standards for 2016. The Town Council did not adopt internal control standards until December 4, 2018.

*Criteria*

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***

*Condition and Context*

The same comment also appeared in prior Reports B39463 and B46116.

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

| Fund | Years | Excess Amount Expended |
|---|---|---|
| LOCAL ROAD & STREET | 2015 | $ 791 |
| PARK & RECREATION | 2015 | 4,754 |
| GENERAL | 2016 | 28,339 |
| PARK & RECREATION | 2016 | 9,184 |

*Criteria*

Indiana Code 6-1.1-18-4 states in part: ". . . 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."

***OVERDRAWN CASH BALANCES***

*Condition and Context*

The same comment also appeared in prior Report B46116.

The financial statement presented for audit included the following funds with overdrawn cash balances at December 31, 2015, and December 31, 2016:

| Fund | Years | Amount Overdrawn |
|---|---|---|
| SANITATION SERVICES | 2015 | $ 8,044 |
| PAYROLL | 2015 | 15,081 |
| PARK & RECREATION | 2016 | 2,263 |
| SANITATION SERVICES | 2016 | 2,467 |
| PARK DONATIONS | 2016 | 1,378 |
| POLICE DONATIONS | 2016 | 302 |
| PAYROLL | 2016 | 88,693 |

*Criteria*

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)

### *DEPOSITORY ACCOUNT RECONCILIATIONS*

*Condition and Context*

A similar comment also appeared in prior Reports B39463, entitled *CASH NECESSARY TO BALANCE* and B46116, entitled *DEPOSITORY ACCOUNT RECONCILIATIONS*.

Depository reconciliations of the fund balances to the depository account balances were not conducted during the audit period. All depository account reconciliations for the audit period were conducted in 2019. The depository account balances at December 31, 2015, and December 31, 2016, exceeded the ledger balance by $2,192 and $1,221, respectively.

*Criteria*

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

### *PENALTIES, INTEREST, AND OTHER CHARGES*

*Condition and Context*

The same comment also appeared in prior Reports B39643, B46116, and B52254.

The Town paid penalties, interest, and other charges to the Indiana Department of Revenue - Sales Tax Division in the amount of $70 and $1,241 in 2015 and 2016, respectively, because the Town did not remit payments on a timely basis.

The Town paid penalties, interest, and other charges to the Indiana Department of Revenue - Withholding Tax Division in the amount of $108 in 2015, because the Town did not remit payments on a timely basis.

The Town paid penalties, interest, and other charges to the Internal Revenue Service (IRS) in the amount of $1,159.51 and $1,584.52 for the tax periods ending June 30, 2015, and December 31, 2014, respectively, because the Town did not remit payments on a timely basis. As stated in prior Report B52254, the Town received a partial refund of $1,794.73 from the IRS for penalties and interest paid in 2015. Net penalties, interest, and other charges related to 2014 and 2015 payroll taxes totaled $949.30.

As stated in prior Report B52254, penalties, interest, and other charges were paid to the IRS in the amount of $9,808.69, $8,220.10, $3,017.56, and $644.73 for tax periods March 31, 2016, June 30, 2016, September 30, 2016, and December 31, 2016, respectively. On April 8, 2019, the IRS refunded the Town for removed or reduced penalties, interest, and other charges, as well as interest accrued, in the amount of $9,032.05, $8,225.51, and $2,388.59 for tax periods March 31, 2016, June 30, 2016, and September 30, 2016. Net penalties, interest, and other charges related to 2016 payroll taxes totaled $2,044.93.

*Criteria*

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 Towns, Chapter 1)

## ***FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS***

*Condition and Context*

*Utility Receipt Taxes*

Utility Receipt Taxes paid to the Indiana Department of Revenue were not timely made. The Town made three quarterly payments in 2015 and two quarterly payments in 2016. The second quarter payment in 2015 contained a double payment from the first quarter payment in 2015, in the amount of $991. In addition, the Town could not provide supporting documentation to substantiate 2016 recorded ledger payments to the corresponding remittances made to the Indiana Department of Revenue for Utility Receipt Taxes.

*Payroll Taxes*

The Town could not provide supporting documentation to substantiate 2016 recorded ledger payments to the corresponding remittances made to the Indiana Department of Revenue for State and Local Withholding Taxes. There were also three gross payrolls in 2016 for which federal tax deduction payments in the amount of $6,972 could not be located.

*Criteria*

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)

## ***ERRORS ON RECEIPTS***

*Condition and Context*

There were a number of errors present in the recording of receipts.

1. The Town had recorded the State Distribution receipts into the ledgers; however, 17 of the 77 receipts issued during the audit period were receipted into the incorrect fund. Of these 77 receipts tested, 20 were not recorded timely.

2. The Town had recorded the County Distribution receipts into the ledgers; however, 47 of the 250 receipts issued during the audit period were receipted into the incorrect fund. Of these 250 receipts tested, 131 were not recorded timely. Of these 131 that were not recorded timely, 56 were backdated in the ledger.

3. Of the 92 general Town and Utility receipts tested, 16 were not recorded timely. One of these 92 receipts was receipted into the incorrect fund. Bank interest receipts encompass 45 of the 92 general Town and Utility receipts tested, and of these 45 receipts, 33 receipts were backdated in the ledger.

4. Receipts for payroll clearing were not receipted into the accounting program in a timely manner. There were numerous instances in 2016 where multiple weeks of payroll were receipted in at one time rather than when payroll was calculated or paid. There was one transfer in the amount of $86,373 for payroll clearing receipts into the Payroll fund during 2016 that lacked supporting documentation for $1,628.

*Criteria*

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)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All Documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

## ***ERRORS ON CLAIMS***

*Condition and Context*

A sample of fifty-seven vendor claims were tested, and contained the following errors:

1. Two vendor claims tested did not have a corresponding Accounts Payable Voucher prepared, and only supporting documentation was presented.

2. Eight vendor claims tested did not include a fully itemized invoice or bill for the claim. For those claims that included a fully itemized invoice or bill for the claim, the claim was not approved by the appropriate officer or employee receiving the goods and services.

3. Three vendor claims tested were paid over one month after the date listed on the corresponding invoice. In one instance, the payment was made eight months after the date on the invoice. If these circumstances continue, this could potentially result in late payment fees and penalties.

4. One vendor claim tested was not a proper use of funds, as there was a reimbursement claim made in 2015 that included a meal where alcohol was purchased in the amount of $14. The Town does not have a written policy concerning the purchase of alcohol using public funds.

5. Two vendor claims tested were for mileage reimbursements. In one instance, the state prescribed Mileage Claim Form (General Form No. 101) was not in use. In the second instance, the Mileage Claim Form was used, but it was not signed by the employee.

6. Twenty-two vendor claims tested were not identified within the claims register, and thus were not approved by the Town Council prior to payment.

7. All vendor claims tested did not have the certification of the fiscal officer that the invoice or bill was true and correct.

*Criteria*

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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. . . ."

The governing body of a unit must have a written policy concerning the purchase of alcohol using public funds. This policy must address the exact situations in which alcohol can be purchased and outline any liability issues that may arise with using public funds to purchase alcohol. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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)

## ***RECORD OF HOURS WORKED***

*Condition and Context*

The Town did not maintain adequate time cards for three of the seven employees examined during the audit period. Time cards were present for these employees, but it was not possible to distinguish which time cards related to specific pay periods. All time cards presented were not approved by an appropriate official.

*Criteria*

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

In cities and towns where time cards are used, each elected officer or head of each department should be approving the time cards of each of the employees that they are responsible for. (Cities and Towns Bulletin; June 2012)

## *LEAVE AND OVERTIME POLICY*

*Condition and Context*

Earned vacation time was applied toward the 40 hours required to begin earning overtime compensation for multiple employees of the Town.

*Criteria*

Per the unit's Personnel Policies & Procedures Manual - November of 2009: "In no event shall vacation days, sick days, funeral leave, or time not actually worked on a holiday be considered as hours to be counted towards the forty (40) hours, or one hundred seventy-one (171) as applicable, required to begin earning overtime compensation, as further described above."

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)

## *CAPITAL ASSETS*

*Condition and Context*

The same comment also appeared in prior Reports B39643 and B46116.

The Town had not properly maintained a complete inventory of capital assets owned. Capital asset amounts presented in the Annual Financial Report (AFR) did not agree with the actual Capital Asset Ledger presented. The Town's Capital Asset Ledger has not been updated to reflect the deletion or disposal of capital assets during the current audit period.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

## ***ANNUAL FINANCIAL REPORT***

*Condition and Context*

The Town had electronically submitted the required Schedule of Payables and Receivables and Schedules of Leases and Debt into Gateway for fiscal year ending December 31, 2016. However, these schedules were not correct and did not reflect the financial activity of the Town. The following errors were noted:

1. The Town incorrectly reported that they had no payables or receivables.

2. There were numerous errors on the Schedule of Leases and Debt. Due to the Town omitting the 2016 wastewater revenue bond, the ending principal balance of leases and debt was understated $1,998,000, and the principal and interest due within one year was understated $68,111.

These errors were presented to the Town, and adjustments were made to the AFR to correct them.

*Criteria*

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."

## ***FUND SOURCES AND USES***

*Condition and Context*

The Town received private donations and a Dekko Foundation grant during the audit period that was accounted for in the Park Matching Grant fund on the Town's fund ledger. The financial statement presented for audit combined the Park Matching Grant fund with the Parks & Recreation fund. Audit adjustments were proposed, accepted, and made to the financial statement to properly present the Park Matching Grant fund.

*Criteria*

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 Towns, Chapter 1)

***STALE DATED OUTSTANDING CHECKS (WARRANTS)***

*Condition and Context*

The Town had 33 checks totaling $6,715 in the Civil Checking Account, and 3 checks totaling $292 in the Operations and Maintenance Checking Account that were more than two years old and should have been voided.

*Criteria*

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

(1) board of finance of the political subdivision; or

(2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

***CUSTOMER DEPOSIT REGISTER***

*Condition and Context*

The same comment also appeared in prior Report B46116.

The detailed customer deposit register (Meter Deposit Report) did not reconcile with the customer deposit cash balance recorded on the general ledger (Water Utl Meter Deposit fund) during the audit period.

The Meter Deposit Report also contained several aged customer deposit accounts. These account balances should be adjusted in accordance with the Town's Water Meter Deposit Ordinance 2012-09-04-01.

*Criteria*

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental 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)

***PRESCRIBED FORMS***

*Condition and Context*

The Town did not use the prescribed form General Form 350 Register of Investments, nor have they requested approval for an alternative form in lieu of the prescribed form, to account for and maintain all investments.

*Criteria*

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

***UTILITY BILLING ADJUSTMENTS***

*Condition and Context*

The same comment also appeared in prior report B46116.

There was no policy, adopted by the Town Council, for billing adjustments to water utility billings. Of five billing adjustments tested, two adjustments were not approved by the Town Council. These adjustments to customers' accounts include bill corrections, leak adjustments, and also bad debts or uncollectible accounts.

*Criteria*

The governing body of a unit must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance. Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

CLERK-TREASURER
TOWN OF WOLCOTTVILLE
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2019, with June Wood, Clerk- Treasurer; Jason Boggs, President of the Town Council; Dean Domer, Town Council member; and Steven T. Clouse, Attorney for June Wood.

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TOWN COUNCIL
TOWN OF WOLCOTTVILLE

## *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*

*Condition and Context*

The Town had not established an adequate system of internal control related to financial transactions and reporting. The Town had not separated incompatible activities related to cash and investments, receipts, disbursements, which includes payroll, and financial close and reporting. The failure to establish these controls could have enabled material misstatements to occur and remain undetected.

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> "Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.
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> An integral part of the control activity component is segregation of duties. . . .
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> There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

## *ADOPTION AND TRAINING ON INTERNAL CONTROL STANDARDS*

*Condition and Context*

The Town Council did not adopt internal control standards until December 4, 2018. The Town Council did not ensure that all officers, elected officials, and employees received training concerning the internal control standards and procedures.

*Criteria*

Indiana 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

(1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and

(2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

### *APPROPRIATIONS*

*Condition and Context*

The same comment also appeared in prior Reports B39463 and B46116.

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

| Fund | Years | Excess Amount Expended |
|---|---|---|
| LOCAL ROAD & STREET | 2015 | $ 791 |
| PARK & RECREATION | 2015 | 4,754 |
| GENERAL | 2016 | 28,339 |
| PARK & RECREATION | 2016 | 9,184 |

*Criteria*

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."

### *ALCOHOL PURCHASES*

*Condition and Context*

One vendor claim tested was not a proper use of funds as there was a reimbursement claim made in 2015 that included a meal where alcohol was purchased in the amount of $14. The Town does not have a written policy concerning the purchase of alcohol using public funds.

*Criteria*

The governing body of a unit must have a written policy concerning the purchase of alcohol using public funds. This policy must address the exact situations in which alcohol can be purchased and outline any liability issues that may arise with using public funds to purchase alcohol. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

### *UTILITY BILLING ADJUSTMENTS*

*Condition and Context*

The same comment also appeared in prior Report B46116.

There was no policy, adopted by the Town Council, for billing adjustments to water utility billings. These adjustments to customers' accounts include bill corrections, leak adjustments, and also bad debts or uncollectible accounts.

*Criteria*

The governing body of a unit must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance. Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

TOWN COUNCIL
TOWN OF WOLCOTTVILLE
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2019, with June Wood, Clerk- Treasurer; Jason Boggs, President of the Town Council; Dean Domer, Town Council member; and Steven T. Clouse, Attorney for June Wood.