

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF ALEXANDRIA

MADISON COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/26/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Operating Funds Used for City Expenses.....	6-7
Appropriations	7
Official Response.....	8-9
Exit Conference	10
Common Council:	
Audit Results and Comments:	
Operating Funds Used for City Expenses.....	12-13
Appropriations	13
Exit Conference	14

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet M. Lynch	01-01-12 to 03-17-17
	Susan K. Nabb (interim)	03-18-17 to 04-02-17
	Amie Hood	04-03-17 to 05-08-17
	Susan K. Nabb (interim)	05-09-17 to 07-03-17
	Jill D. Scott	07-04-17 to 12-31-19
Mayor	Honorable Ron Richardson	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Honorable Ron Richardson	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Jeff Bryan	01-01-16 to 06-30-18
	(Vacant)	07-01-18 to 08-05-18
	Patty Kuhn	08-06-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE CITY OF ALEXANDRIA, MADISON COUNTY, INDIANA

This report is supplemental to our audit report of the City of Alexandria (City), for the period from January 1, 2016 to December 31, 2018. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statements Audit Report of the City, which provides our opinion on the City'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

November 26, 2019

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CLERK-TREASURER
CITY OF ALEXANDRIA

CLERK-TREASURER
CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS

OPERATING FUNDS USED FOR CITY EXPENSES

The same comment appeared in prior Report B48159.

The operating funds of the Water and Wastewater Utilities were used to pay for expenses related to the City. The Mayor's Secretary, Mayor's Extra Help, Deputy Clerk-Treasurer, Economic Developer, and Street Assistant Superintendent salaries were allocated between the City, Water Utility, and Wastewater Utility. Their time/attendance documentation did not show an allocation between each, nor did the salary ordinances specify such an allocation.

Indiana Code 8-1.5-3-11(d) states in part: ". . . transfers may not be made from any utility funds to the general fund except from the cash reserve fund."

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner.

Establishment of a Cash Reserve Fund permits transfer of surplus utility funds to the city or town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose. (The Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2016 - Part One)

Indiana Code 36-9-23-25 states in part:

"(a) Subject to section 37 of this chapter, the municipal legislative body shall, by ordinance, establish just and equitable fees for the services rendered by the sewage works, and provide the dates on which the fees are due.

(b) Just and equitable fees are the fees required to maintain the sewage works in the sound physical and financial condition necessary to render adequate and efficient service. The fees must be sufficient to:

CLERK-TREASURER
CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) pay all expenses incidental to the operation of the works, including legal expenses, maintenance costs, operating charges, repairs, lease rentals, and interest charges on bonds or other obligations;
- (2) provide the sinking fund required by section 21 of this chapter;
- (3) provide adequate money to be used as working capital; and
- (4) provide adequate money for improving and replacing the works. . . ."

APPROPRIATIONS

A similar comment appeared in prior Reports B37470, B39740, B40960, B42909, and B48159.

The financial statements presented for audit included the following funds with overdrawn appropriations:

Fund	Years	Excess Amount Expended
Cumulative Capital Development	2016	\$ 98,000
General	2017	37,082

Indiana Code 36-4-8-2 states in part:

". . . Unless a statute provides otherwise, the fiscal officer may draw a warrant against a fund of the city only if:

- (1) An appropriation has been made for that purpose and the appropriation is not exhausted; . . ."

OFFICE OF THE CLERK-TREASURER

City of Alexandria

INDIANA

Jill D. Scott
Clerk-Treasurer

Erika Hobbs
Deputy Clerk - Treasurer



INCORPORATED FEBRUARY 4, 1893

November 27, 2019

State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46204-2765

Via Email: ldavid@sboa.in.gov

RE: OFFICIAL RESPONSE

To Whom It May Concern:

This letter is to address the results and comments in regard to the City of Alexandria's Audit Exam for the period January 1, 2016 – December 31, 2018.

Please insert these responses in both the Clerk-Treasurer's Response and the Council's response areas.

Operating Funds Used for City Expenses:

In response to this comment, I submit as follows: I was sworn into office on July 4, 2017, with very little knowledge as to the position of Clerk-Treasurer with the exception of I.C. 36-5-6-6. With the overwhelming responsibilities of a new Clerk-Treasurer taking office at mid-term, I was focused on learning my day-to-day responsibilities and the continuing changes of responsibilities, along with resolving the deficit cash balance that the City had as of 12/31/2016. I did not realize that the employees that were being paid partially from the utilities was a violation. I was verbally told the reasoning behind such was that a portion of their jobs was related to those departments. I have not seen any studies to that conclusion, nor did I know that studies were required for the same, but relied on the information I was provided. I had no knowledge that we were in violation of I.C. 8-1.5-3-11 or I.C. 36-9-23-25 in paying portions of salary out of Water and Wastewater Utilities.

Appropriations

In response to this comment, I submit as follows: Again, I was sworn into office on July 4, 2017, after the previous two (2) Clerk-Treasurers resigned: one in March, 2017, and her successor in May, 2017. It was

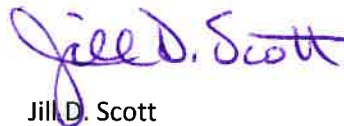
125 N. Wayne Street • Alexandria, IN 46001 • (765) 724-2541 • Fax (765) 724-5012

a known fact that the City's finances were in disarray and that funds had been overspent at the end of 2016, for which I had no responsibility. During my 6 months in office in late 2017, I attempted to resolve as much of the City's financial disarray as I possibly could, bringing the general fund from a deficit (\$271,187) with CCD fund being overspent by \$98,000, to the end of 2017 where the General Fund was only overspent by \$37,082. In 2018, there was no overspending, nor deficit balances. I admit no fault; however, I very much respect the SBOA's findings in this regard.

Thank you for this opportunity to increase my knowledge as to this very important position of Clerk-Treasurer and for the opportunity to respond to the SBOA comments.

Respectfully submitted,

City of Alexandria



Jill D. Scott
Clerk-Treasurer

/jds

CLERK-TREASURER
CITY OF ALEXANDRIA
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2019, with Jill D. Scott, Clerk-Treasurer; Honorable Ron Richardson, Mayor; Patty Kuhn, President Pro Tempore of the Common Council; and Micha Buffington, City Attorney.

COMMON COUNCIL
CITY OF ALEXANDRIA

COMMON COUNCIL
CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS

OPERATING FUNDS USED FOR CITY EXPENSES

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COMMON COUNCIL
CITY OF ALEXANDRIA
AUDIT RESULTS AND COMMENTS
(Continued)

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