

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

COMPLIANCE REPORT

OF

TOWN OF POTTAWATTOMIE PARK

LAPORTE COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
04/15/2020



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Town Council:	
Results and Comments:	
Appropriations .....	6
Adoption and Training on Internal Control Standards.....	6-7
Compensation and Benefits .....	7
Exit Conference .....	8
Clerk-Treasurer:	
Results and Comments:	
Bank Account Reconciliations.....	10
Overdrawn Cash Balance .....	10-11
Condition of Records.....	11
Appropriations .....	11-12
Transfers .....	12-13
Deposits .....	13
Compensation and Benefits .....	13-14
Ordinances.....	14
Capital Assets .....	14
Exit Conference .....	15
Official Response.....	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Susan Tochell	01-01-16 to 12-31-20
President of the Town Council	Robert Wisthoff	01-01-16 to 12-31-18
	Linda Pompeii	01-01-19 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF POTTAWATTOMIE PARK, LAPORTE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Pottawattomie Park (Town), LaPorte County, for the period of January 1, 2016 to December 31, 2018, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of non-compliance 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 Results and Comments, incorporated within this report, was not verified for accuracy.

The Annual Financial Reports filed by the Town can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

April 1, 2020

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TOWN COUNCIL  
TOWN OF POTTAWATTOMIE PARK

TOWN COUNCIL  
TOWN OF POTTAWATTOMIE PARK  
RESULTS AND COMMENTS

**APPROPRIATIONS**

The same comment also appeared in prior Report B48680.

*Condition and Context*

The Town's records indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Local Road & Street	2016	\$ 1,196
Riverboat	2016	10,293
CEDIT	2016	11
Local Road & Street	2017	2,220
Riverboat	2017	65,293
LOIT	2017	1,955
MVH	2018	6,267
Local Road & Street	2018	10,236
Riverboat	2018	50,926

*Criteria*

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, 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."

**ADOPTION AND TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town had not adopted internal control standards or ensured that employees for the Town received training on any internal control standards.

TOWN COUNCIL  
TOWN OF POTTAWATTOMIE PARK  
RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 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."

**COMPENSATION AND BENEFITS**

*Condition and Context*

The Town gave the Town Marshall and Deputy Town Marshall gift cards in the amount of \$200 as a retirement gift. The Town Council approved the gift cards during the January 8, 2018 meeting, but the credit card compensation was not included on the salary ordinance or in a resolution.

*Criteria*

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN COUNCIL  
TOWN OF POTTAWATTOMIE PARK  
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2020, with Susan Tochell, Clerk-Treasurer, and Linda Pompeii, President of the Town Council. The contents of this report were discussed via email with Janet Beck, Town Council member.

CLERK-TREASURER  
TOWN OF POTTAWATTOMIE PARK

CLERK-TREASURER  
TOWN OF POTTAWATTOMIE PARK  
RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

The same comment also appeared in prior Report B48680.

*Condition and Context*

Monthly depository reconciliations of the fund balances to the bank account balances were not presented.

In an attempt to reconcile the fund balances to the bank account balances, reconcilements were prepared for each year end of the report period, which may or may not have included all reconciling adjustments. The reconciled cash and investment balances, the Annual Financial Report cash and investment balances, and the differences between them were as follows:

Years	Cash and Investment Balance per Bank Reconcilement	Cash and Investment Balance per AFR	Cash Long (Short)
2016	\$ 353,926	\$ 269,848	\$ 84,078
2017	348,794	256,426	92,368
2018	209,450	328,644	(119,194)

*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 must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**OVERDRAWN CASH BALANCES**

The same comment also appeared in prior Report B48680.

*Condition and Context*

The General fund cash and investment balances were overdrawn by \$89,634, \$74,491, and \$60,211, as of December 31, 2016, 2017, and 2018, respectively.

CLERK-TREASURER  
TOWN OF POTTAWATTOMIE PARK  
RESULTS AND COMMENTS  
(Continued)

*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)

**CONDITION OF RECORDS**

A similar comment also appeared in prior Report B48680, entitled *CONDITION OF RECORDS*.

The following deficiencies related to the recordkeeping and reporting occurred during the period of review:

1. There were a considerable number of posting errors. These included receipts not being posted timely, receipts posted to the wrong fund, a \$20,000 transfer in 2017 that was not posted as a receipt, and receipts posted in the wrong amounts.
2. The disbursements reported exceeded the amount determined based on testing by more than \$98,000 in 2018. Additionally, an investment purchase of \$100,000 was listed as a transfer in the ledger and a \$1,588 check was not posted to the ledger.
3. The beginning balances in the Town's Annual Financial Reports (AFR) did not always agree to the ending balances of the prior year.
4. The total receipts and disbursements on the ledgers did not always agree with the amounts reported in the AFRs.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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**

The same comment also appeared in prior Report B48680.

CLERK-TREASURER  
TOWN OF POTTAWATTOMIE PARK  
RESULTS AND COMMENTS  
(Continued)

*Condition and Context*

The Town's records indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Local Road & Street	2016	\$ 1,196
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LOIT	2017	1,955
MVH	2018	6,267
Local Road & Street	2018	10,236
Riverboat	2018	50,926

*Criteria*

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body. . . ."

**TRANSFERS**

The same comment also appeared in prior Report B48680.

*Condition and Context*

Transfers were made that were not authorized by ordinance or resolution. No indication was made in the minutes of the Town Council meetings that the following transfers were approved:

Years	Fund Transferred From	Fund Transferred To	Amount
2017	Riverboat	General	\$ 10,000
2017	Riverboat	General	5,000
2017	LOIT	General	912
2017	LOIT	CEDIT	1,043

CLERK-TREASURER  
TOWN OF POTTAWATTOMIE PARK  
RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 36-5-4-13(a) states:

"Except as provided in subsection (c), this subsection applies to a town with a population of five hundred (500) or less. Notwithstanding the provisions of any other statute, a town may transfer money from any town fund to another town fund after the passage of an ordinance or a resolution by the town legislative body specifying the:

- (1) amount of the transfer;
- (2) funds involved;
- (3) date of the transfer; and
- (4) general purpose of the transfer."

**DEPOSITS**

The same comment also appeared in prior Report B48680, entitled *RECEIPTS AND DEPOSITS*.

*Condition and Context*

During 2018, 14 of 34 receipts were not deposited timely, and ranged from 5 to 27 days after the receipt date.

*Criteria*

Indiana Code 5-13-6-1 states in part:

". . . (d) Except as provided in subsection (g), a city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories: . . .

(g) The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (3) A city or a town required to deposit funds under subsection (d). . . ."

**COMPENSATION AND BENEFITS**

*Condition and Context*

The Town gave the Town Marshall and Deputy Town Marshall gift cards in the amount of \$200 as a retirement gift. The Town Council approved the gift cards during the January 8, 2018 meeting, but the credit card compensation was not included on the salary ordinance or in a resolution.

CLERK-TREASURER  
TOWN OF POTTAWATTOMIE PARK  
RESULTS AND COMMENTS  
(Continued)

*Criteria*

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**ORDINANCES**

*Condition and Context*

The Town did not follow the approved salary ordinances for 2017 and 2018. The salary ordinance for each year stated that the Clerk-Treasurer should be paid \$8,250 per year; however, the Clerk-Treasurer was being paid \$8,100 per year, which was \$150 less per year.

*Criteria*

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**

The same comment also appeared in prior Report B48680.

*Condition and Context*

The Town did not maintain a complete inventory of capital assets owned.

*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)

CLERK-TREASURER  
TOWN OF POTTAWATTOMIE PARK  
EXIT CONFERENCE

The contents of this report were discussed on April 1, 2020, with Susan Tochell, Clerk-Treasurer, and Linda Pompeii, President of the Town Council. The contents of this report were discussed via email with Janet Beck, Town Council member.

**TOWN OF POTTAWATTOMIE PARK**  
**P.O. BOX 292**  
**MICHIGAN CITY, IN 46361**  
**Phone: 219-898-1045**  
[susant.pottpark@yahoo.com](mailto:susant.pottpark@yahoo.com)

April 9, 2020

"OFFICIAL RESPONSE"

State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis IN 46204-2765

To Whom it may Concern:

The Town Council and myself have taken into consideration all of the findings in the audit and have formulated remedies to correct the discrepancies found. We have submitted our Corrective Action Plan online and anticipate to have all of our plans in action by June of this year.

Here is a brief description of what we intend to do:

**Condition of Records:** All receipts will be posted upon receipt from the PO box. All transfers will be posted to the receiving fund and from the fund from which they are transferred. All receipts and disbursements will be posted correctly for the annual report.  
**Transfers:** As of January 2018 (after last audit) all transfers are made with a resolution. Starting immediately, the Clerk-Treasurer will make certain to record all transfers into the ledger correctly.  
**Deposits:** Deposits will be made upon receipt from the PO Box in a timelier manner  
**Capital Assets:** As of April of 2019, we have started using Form 369 to track our assets.  
**Overdrawn Cash Balance:** Efforts to correct postings and maintain accurate, positive balances will be made each month.  
**Bank Account Reconcilements:** Reconcilements will be done in the proper format going forward on all funds.  
**Appropriations:** As a small Town with a limited budget that has not increased much over the years it can be a challenge to not have unexpected expenditures, it will be our goal to make those expenditures to be minimal.

Thank you for your continued support.

Respectfully,



Susan Tochell  
Clerk/Treasurer

Cc: File