

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BUNKER HILL

MIAMI COUNTY, INDIANA

January 1, 2019 to December 31, 2021



FILED
01/06/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Danielle Pebley	01-01-19 to 08-06-20
	Cory Pebley	08-07-20 to 08-15-22
	(Vacant)	08-16-22 to 09-05-22
	Danielle Pebley	09-06-22 to 12-31-22
President of the Town Council	RaeAnn Panther	01-01-19 to 08-11-19
	Cory Pebley	08-12-19 to 08-06-20
	Stephen C. Garber	08-07-20 to 12-31-22
Superintendent of Utilities	Rodney Deckard	01-01-19 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF BUNKER HILL, MIAMI COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Bunker Hill (Town), for the period from January 1, 2019 to December 31, 2021. 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 opinions 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 23, 2022

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CLERK-TREASURER
TOWN OF BUNKER HILL

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment appeared in prior Report B54187, entitled *INTERNAL CONTROLS - ANNUAL FINANCIAL REPORT*.

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting, cash and investments, receipts, and disbursements.

Annual Financial Report

The Town had not established proper internal controls over the financial information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statements. A third-party prepared and uploaded the AFR into Gateway without a review or approval process.

Cash and Investments

The Town had not established proper internal controls over cash and investments. A third-party prepared bank reconciliations for 2019 and 2020 without a review or approval process. In 2021, the Town did not have procedures in place to ensure that monthly reconciliations were being prepared.

Receipts

The Town had not established proper internal controls over receipts. One person entered the receipts without a review or approval process.

Disbursements

The Town had not established proper internal controls over disbursements. There were no internal controls in place to ensure that disbursements were recorded at the time of the transaction and were disbursed from the appropriate funds.

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.

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

UTILITY COLLECTIONS

Condition and Context

The Town utilized a credit card service for the collection of water, sewage, trash, and other fees. The credit card service deposited collections into the Water Utility's bank account. Deposits are receipted into the Water Utility Operating fund throughout the month. At month's end, officials failed to make transfers from the Water Utility Operating fund into the Sewage Utility Operating fund and the General Fund and make the necessary bank transfers.

Over the three-year audit period, there were 12 months where the Town did not make the transfers. This resulted in the Water Utility Operating fund owing the Sewage Utility Operating fund \$44,271 and the General Fund \$7,784 as of December 31, 2021.

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)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CONFLICT OF INTEREST

Condition and Context

Danielle Pebley served as the Clerk-Treasurer from November 13, 2018 to August 6, 2020. Her husband, Cory Pebley, served on the Town Council from January 1, 2019, until he resigned to become Clerk-Treasurer on August 7, 2020. Cory Pebley served as President of the Town Council from August 12, 2019 to August 6, 2020. No conflict-of-interest statements were filed for the Town during this time.

Criteria

Indiana Code 35-44.1-1-4 states in part:

". . . (b) A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony.

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

- (c) It is not an offense under this section if any of the following apply: . . .
- (6) A public servant makes a disclosure that meets the requirements of subsection (d) or (e) and is . . .
 - (B) appointed by an elected public servant;
 - (C) employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent;
 - (D) elected; or
 - (E) a member of, or a person appointed by, the board of trustees of a state supported college or university. . . .
- (d) A disclosure must:
- (1) be in writing;
 - (2) describe the contract or purchase to be made by the governmental entity;
 - (3) describe the pecuniary interest that the public servant has in the contract or purchase;
 - (4) be affirmed under penalty of perjury;
 - (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
 - (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts; and
 - (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase; . . ."

CONDITION OF RECORDS

Condition and Context

The Town failed to comply with applicable laws and regulations for receipts and disbursements.

Receipts

The following errors were noted for receipts:

- Fifty-two State distribution receipts were not recorded timely.
- Thirty-two State distribution receipts were not recorded in the proper fund.
- Nine State distribution bank deposits were not recorded to the ledger.

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

- Two State distribution checks were received but not deposited to the bank or recorded to the ledger.
- One State distribution receipt was recorded to the ledger, but no bank deposit was identified.
- Sixty local tax distribution receipts were not recorded timely.
- Ten local tax distribution receipts were not recorded in the proper fund.
- One local tax distribution bank deposit was not recorded to the ledger.

Disbursements

Payments to the Indiana Department of Revenue (INTAX) for June and July of 2021 were paid with an EFT on August 23, 2021, but not recorded to the ledger until January 24, 2022. Payment for the month of March 2021 was paid April 22, 2021, but was not recorded in the ledger.

Utility Sales Tax payments to the Indiana Department of Revenue were not being recorded timely. Four of the thirty-nine payments tested were recorded up to six months after payments were made. Two of the thirty-nine payments tested were not recorded in the ledger.

During 2020, the Town paid United Healthcare \$55,503 by direct withdrawal from the Town's bank account. The Town recorded \$33,491 in the ledger, but failed to record the remaining \$22,013. During 2021, the Town recorded \$1,950 in excess of the payments made to United Healthcare.

Criteria

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

Indiana Code 5-13-6-1(d) states in part:

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

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds."

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)

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)

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

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)

BANK ACCOUNT RECONCILIATIONS

Condition and Context

There were numerous errors in the Town and Utility bank reconcilements for December 31, 2020. Corrections were made to the reconciliation in 2020 and 2021; however, the reconciliation did not agree with the financial statement by an immaterial amount.

The Town contracted with an outside vendor to prepare bank reconcilements, but none were provided by the vendor; therefore, no bank reconcilements were completed for any of the bank accounts of the Town or Utilities for all of 2021. In addition, for the first five months of 2022, none of the Town or Utility accounts were reconciled.

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."

SUPPLEMENTAL SCHEDULES IN THE ANNUAL FINANCIAL REPORT

Condition and Context

The Schedule of Capital Assets supplemental schedule in the Annual Financial Report, as reported on the Indiana Gateway for Government Units financial reporting system, contained material errors for the year ended December 31, 2021.

The Town did not provide any documentation to ensure that the amounts reported in the Schedule of Capital Assets were accurate. The Schedule of Capital Assets will not be reported in the Financial Statement Audit Report.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town certified on the Indiana Gateway for Government Units financial reporting system that employees were trained on internal control standards. No documentation was provided to determine that employees were trained on internal control standards; therefore, the certification was incorrect.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS TO GATEWAY

Condition and Context

The Town failed to upload any monthly required documents to the Indiana Gateway for Government Units (Gateway) financial reporting system for 2020 and 2021 until August 15, 2022, after being requested for audit.

The Town failed to upload any annual required documents to Gateway for the audit period.

Criteria

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15th of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . . Thereafter, annual files must be uploaded no later than March 1st . . . for the prior year unless the SBOA establishes a different date. . . .

The following files and governmental unit information are required to be uploaded monthly by all units except as noted:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund . . .

The following files and governmental unit information are required to be uploaded annually: . . .

- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund . . .
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

(Amended State Examiner Directive 2018-1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town did not split the amount of Motor Vehicle Highway state distributions received between the Motor Vehicle Highway fund and the MVH Restricted fund for 2020 and 2021 as required.

Criteria

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

The political subdivision, by ordinance or resolution, may elect to allocate more than fifty percent (50%) of the distributions to MVH Restricted. During the same fiscal year, the political subdivision may transfer, by ordinance or resolution, the amount allocated in excess of the 50% requirement from MVH Restricted to MVH. . . .

(State Examiner Directive 2018-2)

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

The Clerk-Treasurer and the former Clerk-Treasurer failed to pay payroll withholding taxes, sales tax, and other payments timely to avoid penalties, interest, and other charges from being assessed.

A late payment charge of \$250 was paid to the First Bank of Berne. The charge was due to the Water Utility not paying a bond and interest claim, dated July 19, 2021, by the July 1, 2021 due date.

Payroll Withholding Taxes

Penalties and interest assessed by the Indiana Department of Revenue were paid as follows:

1. In 2019, penalties and interest of \$84 were paid for the May 2019 monthly withholding for failure to file.
2. In 2020, penalties and interest of \$423 were paid for the January, March, May, and June 2020 monthly withholdings for failure to file.
3. In 2021, penalties and interest of \$638 were paid for a partial penalty for December 2020 monthly withholding for failure to file. The tax owed and additional penalties were not paid, or posted to the ledger, until February 2, 2022.

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

4. In 2022, penalties and interest of \$1,491 were paid for the December 2020 and February, March, April, May, June, July, October, and November 2021 monthly withholdings for failure to file, and for late filing of the Town's WH-3 for 2019, 2020, and 2021. In addition, on February 4, 2022, \$460 in overpayment credits were applied to "Failure to File" fees for January and, the remaining balance of February 2021.

Penalties, interest, and other charges paid or applied in 2022, for 2019-2021 total \$1,951.

Additional penalties and interest were paid in 2022, for late filings during that year.

Sales Tax

Penalties and interest assessed by the Indiana Department of Revenue were paid as follows:

Late tax filings penalties and interest paid during the audit period was \$2,173.

Late tax filing penalties and interest paid in 2022 for the audit period was \$1,014.

Internal Revenue Service

The Town underpaid federal payroll withholding tax in all three years of the audit period. In addition, in 2021, federal payroll taxes related to 11 payrolls were paid up to ten months late. Although the Town had not paid any penalties and interest during the audit period, we noted documentation from the Department of the Treasury that indicated the Town has been charged with penalties and interest, but had not made any payments as of October 1, 2022.

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 Cities and Towns, Chapter 1)

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)

We requested that Danielle Pebley, Clerk-Treasurer; and Cory Pebley, former Clerk-Treasurer, reimburse the Town for penalties and interest and other charges paid during the audit period and known penalties and interest and other charges paid in the subsequent period. (See Summary of Charges, page 22)

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The Town did not formally adopt a capital assets policy that details the threshold at which an item is considered a capital asset. The Town had not completed a physical inventory every two years and does not maintain a capital asset ledger.

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)

UTILITY BOND ORDINANCES

Condition and Context

Water Utility

The Town did not properly follow Water Bond Ordinance No. 2, 2018, which was passed and adopted by the Town Council on April 9, 2018. The Town did not make the required monthly transfers to the Water Utility Bond and Interest fund, Water Debt Service Reserve fund, and Water Utility Depreciation fund.

The Town made bond and interest payments from the incorrect fund. Five out of six debt payments made during the audit period were made from the Water Utility Operating fund instead of the Water Utility Bond and Interest fund.

Sewage Utility

The Town did not properly follow Sewage Works Bond Ordinance No. 7, 2014, which was passed and adopted by the Town Council on June 10, 2014. During 2019 and 2020, the Town did not properly make the required monthly transfers to the Sewage Utility Bond and Interest fund, Sewage Debt Service Reserve fund, and Sewage Utility Depreciation fund. In addition, Bond and Interest payments for the Sewage Works Revenue Bond were not posted timely.

In 2021, no transfers were made to the Sewage Utility Bond and Interest fund, Sewage Debt Service Reserve fund, or the Sewage Utility Depreciation fund. Bond and interest payments to the Bank of New York Mellon were made from the Sewage Utility Operating fund. Payments were recorded up to 17 months after the payment was made.

Adjustments were proposed, accepted by the Town, and made to the 2021 Financial Statement and Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in the Financial Statement Audit Report.

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

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)

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)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

GRANT FUNDS

Condition and Context

On May 27, 2020, the Indiana Lieutenant Governor's Department of Housing and Urban Development granted the Town \$29,160 in Community Development Block Grant funding (CDBG). The funds were deposited into the Town's Sewage Utility bank account on May 27, 2020, and disbursed from the Town's bank account to a vendor on June 18, 2020. The disbursement was recorded to the Community Crossing Grant fund. The receipt of the funds was not recorded until December 31, 2020, into the Community Crossing Grant fund. On February 4, 2021, the Town made a correcting transfer, to move the funding from the Sewage Utility bank account to the Town bank account. On August 31, 2021, the entire \$29,160 was recorded as a receipt into the COVID Grant fund and labeled as "Utility Research Grant" funding.

On February 1, 2021, the Indiana Lieutenant Governor's Department of Housing and Urban Development granted the Town \$19,440 in CDBG funding. On August 31, 2021, the funds were recorded into the COVID Grant fund and labeled as "Utility Research Grant" funding.

In December 2020, the Town received \$21,111 in Cares Act funding. The funds were properly recorded into the COVID Grant fund. On January 7, 2021, the Town disbursed the funds to reimburse the General Fund for salaries paid for the Town's police, but failed to record the payment to the General Fund.

Criteria

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)

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)

CLERK-TREASURER
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(d) states in part:

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

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds."

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)

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."

CONTRACT FOR TRASH REMOVAL

Condition and Context

On April 1, 2020, the Town signed a contract with Waste Management of Indiana, LLC (Waste Management) for the period April 1, 2020 to March 31, 2023, for trash disposal services. *Part VI Fees and Payments* of the contract, states in part, "The fee per Residential Unit per month, shall be Twelve Dollars and Ninety-Five Cents (\$12.95). The fee for any Residential Unit requesting an additional Cart shall be Seven Dollars (\$7.00) per Cart per month. The total monthly fee paid to Waste Management of Indiana, LLC by the Town shall be calculated based upon the current house count at the time each invoice is generated, times the fee per Residential Unit. . . . Annually, the monthly fee per Residential Unit and for additional Carts shall be adjusted on each anniversary of the effective date of this Agreement by eight percent (8%)."

The Town increased the trash rates billed in 2020 to reflect those required by the contract, but the Town Council failed to prepare an updated rate ordinance to reflect the increase in the rate. The Town also has not increased the household, or extra cart rate, annually as stated in the contract. Meanwhile, Waste Management has increased its billings to the Town by the stated 8 percent on April 1, 2021.

The Town failed to collect \$430.16 per month after April 1, 2021, from residents of the Town for the contract increase.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF BUNKER HILL
EXIT CONFERENCE

The contents of this report were discussed on November 23, 2022, with Danielle Pebley, Clerk-Treasurer; Cory Pebley, former Clerk-Treasurer (via phone call); Stephen C. Garber, President of the Town Council; John R. Mercer, Town Council member; and Diane Engel, Deputy Clerk-Treasurer/Utility Clerk.

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TOWN COUNCIL
TOWN OF BUNKER HILL

TOWN COUNCIL
TOWN OF BUNKER HILL
AUDIT RESULTS AND COMMENTS

CONTRACT FOR TRASH REMOVAL

Condition and Context

On April 1, 2020, the Town signed a contract with Waste Management of Indiana, LLC (Waste Management) for the period April 1, 2020 to March 31, 2023, for trash disposal services. *Part VI Fees and Payments* of the contract, states in part, "The fee per Residential Unit per month, shall be Twelve Dollars and Ninety-Five Cents (\$12.95). The fee for any Residential Unit requesting an additional Cart shall be Seven Dollars (\$7.00) per Cart per month. The total monthly fee paid to Waste Management of Indiana, LLC by the Town shall be calculated based upon the current house count at the time each invoice is generated, times the fee per Residential Unit. . . . Annually, the monthly fee per Residential Unit and for additional Carts shall be adjusted on each anniversary of the effective date of this Agreement by eight percent (8%)."

The Town increased the trash rates billed in 2020 to reflect those required by the contract, but the Town Council failed to prepare an updated rate ordinance to reflect the increase in the rate. The Town also has not increased the household, or extra cart rate, annually as stated in the contract. Meanwhile, Waste Management has increased its billings to the Town by the stated 8 percent on April 1, 2021.

The Town failed to collect \$430.16 per month after April 1, 2021, from residents of the Town for the contract increase.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town Council did not ensure that all employees were trained for the internal control standards as required by their policy. There was no documentation that any employees have been trained on internal control standards since 2017.

Criteria

Indiana Code 5-11-1-27(g) states in part:

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

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

TOWN COUNCIL
TOWN OF BUNKER HILL
EXIT CONFERENCE

The contents of this report were discussed on November 23, 2022, with Danielle Pebley, Clerk-Treasurer; Cory Pebley, former Clerk-Treasurer (via phone call); Stephen C. Garber, President of the Town Council; John R. Mercer, Town Council member; and Diane Engel, Deputy Clerk-Treasurer/Utility Clerk.

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

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Danielle Pebley, Clerk-Treasurer:			
Penalties, Interest, and Other Charges, pages 12 and 13	\$ 1,240	\$ -	\$ 1,240
Cory Pebley, former Clerk-Treasurer:			
Penalties, Interest, and Other Charges, pages 12 and 13	5,293	-	5,293
Totals	<u>\$ 6,533</u>	<u>\$ -</u>	<u>\$ 6,533</u>

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

AFFIDAVIT

STATE OF INDIANA)
)
CASS COUNTY)

We, Pamela Williams, Anthony Reichel, and Kristina Girton, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Bunker Hill, Miami County, Indiana, for the period from January 1, 2019 to December 31, 2021, is true and correct to the best of our knowledge and belief.

Pamela Williams

Anthony Reichel

Kristina Girton
Field Examiners

Subscribed and sworn to before me this 4 day of JANUARY, 2023.

Lisa Parmeter
Notary Public

My Commission Expires: Aug 17 2029
County of Residence: Cass

LISA PARMETER
Notary Public - Seal
Cass County - State of Indiana
Commission Number NP0735585
My Commission Expires Aug 17, 2029

