

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF NEW PALESTINE

HANCOCK COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**

07/03/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Becky Hilligoss	01-01-19 to 12-31-19
	Tonii Pyle	01-01-20 to 09-14-20
	Yvonne Jonas	09-15-20 to 12-31-23
President of the Town Council	Brandee Bastin	01-01-19 to 12-31-20
	Bill Niemier	01-01-21 to 12-31-22
	Clint Bledsoe	01-01-23 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF NEW PALESTINE, HANCOCK COUNTY, INDIANA

This report is supplemental to the audit report of the Town of New Palestine (Town), for the period from January 1, 2019 to December 31, 2022. 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 the 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/](http://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

June 15, 2023

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CLERK-TREASURER  
TOWN OF NEW PALESTINE

CLERK-TREASURER  
TOWN OF NEW PALESTINE  
AUDIT RESULTS AND COMMENTS

**LOAN FROM WASTEWATER UTILITY**

*Condition and Context*

On September 1, 2018, the Town Council approved a loan from the Wastewater Operating fund to the Town General fund in the amount of \$67,300. The loan was to be repaid by December 31, 2019. As of December 31, 2022, the Town has not repaid the loan to the Wastewater Operating fund.

*Criteria*

Indiana Code 36-1-8-4 states in part:

"(a) . . .

- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

**OVERDRAWN CASH BALANCES**

*Condition and Context*

The financial statements presented for audit included the Payroll fund with overdrawn cash balances of \$459, \$3,968, and \$3,164 on December 31, 2020, 2021, and 2022, respectively.

*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)



June 22, 2023

Indiana Board of Accounts  
302 W. Washington St Room E418  
Indianapolis, IN 46204-2765

RE: Official Response to Audit Findings, Audit Years 2019 – 2022

Dear SBOA and Residents of the Town of New Palestine:

The SBOA audit of the years 2019 – 2022 has uncovered 2 correctable issues. Firstly, the finding regarding the payroll fund is a known issue which we have been investigating and resolving in the past months. We identified an internal administrative oversight that has caused the account to carry a balance, where it should be zero at least once each month. This has been corrected for current and future months in 2023. The final retro-active correction will be completed before the end of calendar year 2023.

Additionally, the finding regarding property purchased in 2018 with funds from the Wastewater department, but legally owned by the Town, was not known to me. Once this report is published, I will bring it before the Town Council for discussion and resolution. I am confident that this too can be resolved before the end of this calendar year.

It has been a pleasure working with the audit team.

Sincerely,

Yvonne Jonas, Clerk-Treasurer

Town of New Palestine, Indiana

CLERK-TREASURER  
TOWN OF NEW PALESTINE  
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2023, with Yvonne Jonas, Clerk-Treasurer; Clint Bledsoe, President of the Town Council; and Jenny Greiner, Deputy Clerk-Treasurer.