

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ST. PAUL

DECATUR COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
03/06/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Melissa Coulter	01-01-12 to 12-31-19
President of the Town Council	David Henderson Eric Frazier David Henderson Nicole Lemmons Eric Frazier	01-01-12 to 12-31-12 01-01-13 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17
Superintendent of Utilities	Jerome Buening	01-01-12 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF ST. PAUL, DECATUR COUNTY, INDIANA

This report is supplemental to our examination report of the Town of St. Paul (Town), for the period from January 1, 2012 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion 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 Examination 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.

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

January 18, 2017

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TOWN COUNCIL
TOWN OF ST. PAUL

TOWN COUNCIL
TOWN OF ST. PAUL
EXAMINATION RESULTS AND COMMENTS

CREDIT CARD POLICY

The Town used credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TRAVEL POLICY

The Town reimbursed employees for travel expenses, but had not adopted a formal travel policy.

Each unit should adopt a written travel policy in conformity with applicable statutes. Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

FEES

The Town collected fees for gym rental. No approved fee schedule was presented for examination.

Fees can only be collected as specifically authorized by statute or properly authorized ordinance/ resolution. When a fee is NOT specified by law, but instead through the use of an ordinance/resolution, sufficient authoritative reference should be maintained. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN COUNCIL
TOWN OF ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2017, with Nicole Lemmons, Town Council member, and Melissa Coulter, Clerk-Treasurer.

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CLERK-TREASURER
TOWN OF ST. PAUL

CLERK-TREASURER
TOWN OF ST. PAUL
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT NOT FILED TIMELY

The Annual Financial Reports for 2013, 2014, and 2015 were not filed timely. The dates filed and the number of days the report was late were as follows:

<u>Report Period</u>	<u>Date Submitted</u>	<u>Days Late</u>
2013	03-24-14	24
2014	04-21-15	52
2015	03-13-16	14

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."

FORM 100-R NOT FILED TIMELY

The Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) were not filed timely for the years 2012, 2013, 2014, or 2015. The dates filed and the number of days the report was late were as follows:

<u>Report Period</u>	<u>Date Submitted</u>	<u>Days Late</u>
2012	02-12-13	12
2013	02-05-14	5
2014	04-13-15	72
2015	03-13-16	42

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

UTILITY RECEIPTS TAX

The Water Utility did not pay Utility Receipts Tax to the Indiana Department of Revenue for the years 2012, 2013, 2014, or 2015.

CLERK-TREASURER
TOWN OF ST. PAUL
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

OVERDRAWN APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
General	2012	\$ 20,223
General	2013	24,432
Riverboat/Racino	2013	7,488
General	2014	25,938
Cumulative Capital Improvement	2014	3,294
General	2015	21,702

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."

RECEIPT ISSUANCE

Receipts were not issued by the Clerk-Treasurer for funds collected. Receipts were issued by departments of the Town to the person making payment; however, no receipt was issued by the Clerk-Treasurer when funds were remitted by the departments, or for funds collected directly by the Clerk-Treasurer.

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

OVERDRAWN CASH BALANCES

The financial statements presented in this report included the following fund with an overdrawn cash balance at December 31, 2015:

Fund	Amount Overdrawn
Water Utility - Operating	\$ 2,934

CLERK-TREASURER
TOWN OF ST. PAUL
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

CLERK-TREASURER
TOWN OF ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2017, with Nicole Lemmons, Town Council member, and Melissa Coulter, Clerk-Treasurer.

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POLICE DEPARTMENT
TOWN OF ST. PAUL

POLICE DEPARTMENT
TOWN OF ST. PAUL
EXAMINATION RESULT AND COMMENT

UNTIMELY REMITTANCE - POLICE DEPARTMENT

Fees collected by the Police Department were not remitted to the Clerk-Treasurer timely in 100 percent of the receipts selected for testing. The Clerk-Treasurer did not issue a receipt to the Town Marshall when funds were remitted, so we were unable to determine the exact date funds were remitted. However, based on a comparison of the Police Department receipt date to the date the funds were posted to the Town's ledger, 100 percent of receipts reviewed were not posted to the Town's ledger timely.

The receipts and fees collected should be remitted to the Clerk-Treasurer or City Controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2013)

POLICE DEPARTMENT
TOWN OF ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2017, with Josh Kuntz, Town Marshall; Nicole Lemmons, Town Council member; and Melissa Coulter, Clerk-Treasurer.

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GYM DEPARTMENT
TOWN OF ST. PAUL

GYM DEPARTMENT
TOWN OF ST. PAUL
EXAMINATION RESULT AND COMMENT

UNTIMELY REMITTANCE - GYM DEPARTMENT

Fees collected for gym rental were not remitted to the Clerk-Treasurer timely in 88 percent of the receipts selected for testing. The Clerk-Treasurer did not issue a receipt to the gym department when funds were remitted, so we were unable to determine the exact date that funds were remitted. However, based on a comparison of the gym department receipt date to the date the funds were posted to the Town's ledger, 88 percent of the receipts reviewed were not posted to the Town's ledger timely.

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

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

GYM DEPARTMENT
TOWN OF ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2017, with Nicole Lemmons, Town Council member/Gym Board President, and Melissa Coulter, Clerk-Treasurer.

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WATER AND WASTEWATER UTILITIES
TOWN OF ST. PAUL

WATER AND WASTEWATER UTILITIES
TOWN OF ST. PAUL
EXAMINATION RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register did not reconcile with the funds ledger balance for the Water Utility - Customer Deposit fund at December 31, 2015. The funds ledger balance exceeded the customer deposit register balance by \$4,202.

The customer deposit register was converted from hard copy to electronic format. We noted customer deposits that were not carried forward to the electronic customer deposit register.

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 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

". . . (c) Except as provided in subsection (m), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(d) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(f) Using the lists and instruments prepared under subsection (c) and recorded under subsection (d), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (d), certify to the county auditor a list of the unpaid liens for collection with the next May installment of property taxes. . . ."

WATER AND WASTEWATER UTILITIES
TOWN OF ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on January 18, 2017, with Jerome Buening, Superintendent of Utilities; Nicole Lemmons, Town Council member; and Melissa Coulter, Clerk-Treasurer.