

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ST. JOHN

LAKE COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**  
05/25/2017



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sherry Sury	01-01-12 to 12-31-15
	Beth Hernandez	01-01-16 to 12-31-19
President of the Town Council	Michael Forbes	01-01-12 to 12-31-17
President of the Utility Board of Commissioners	(Vacant)	01-01-12 to 06-27-12
	Michael Forbes	06-28-12 to 12-31-12
	Gregory Volk	01-01-13 to 12-31-17
President of the Waterworks Board of Commissioners	(Vacant)	01-01-12 to 06-27-12
	Michael Forbes	06-28-12 to 12-31-13
	Ken Gembala	01-01-14 to 12-31-15
	Gregory Volk	01-01-16 to 12-31-17
President of the Sanitary District Board of Commissioners	Robert Myers	01-01-12 to 01-16-12
	(Vacant)	01-17-12 to 05-23-12
	Frank Bradtke	05-24-12 to 12-31-17
President of the Park Board	Shari Kolodziej	01-01-12 to 12-31-12
	Frank Bradtke	01-01-13 to 12-31-17
President of the Redevelopment Board of Commissioners	Mark Barenie	01-01-12 to 12-31-17
Town Manager	Stephen Kil	01-01-12 to 12-31-17



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE TOWN OF ST. JOHN, LAKE COUNTY, INDIANA

This report is supplemental to our examination report of the Town of St. John (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/](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 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.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

January 31, 2017

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CLERK-TREASURER  
TOWN OF ST. JOHN

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

***PENALTIES AND INTEREST***

In 2015, Sherry Sury (Sury), former Clerk-Treasurer, paid penalties payable to the Internal Revenue Service (IRS) for untimely remittance of payroll taxes and/or late and inaccurate reporting of payroll taxes per the IRS Employer's Quarterly Federal Tax Return - Form 941. Penalties incurred and paid in 2015 were \$464.91 for untimely remittance of payroll taxes. Penalties incurred 2015 but subsequently paid in 2016 for inaccurate and late reporting of payroll taxes were \$2,315.67.

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)

We requested that Sury reimburse the Town \$2,780.58 for penalties incurred and paid by the Town for late remittance of payroll taxes and late and inaccurate reporting of payroll taxes. Sury reimbursed the Town \$2,780.58 on February 14, 2017.

***CLERK-TREASURER VACATION PAY***

In 2016, Sury was paid \$5,970.00 for 20 days of vacation leave she claimed she had earned but had not used in 2015. The payment of the vacation leave was not specifically approved by the Town Council.

Sury maintained an Employee Service Record during her term in office through November 17, 2014. Neither an Employee Service Record nor a timesheet was maintained by Sury in 2015.

The Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2007, states in part:

Our audit position is that an elected official's compensation goes with the office. This means that the elected official receives his (or her) salary as long as the office to which the official was elected performs the duties and responsibilities of this office. Whether the elected official personally does the work, whether the elected official personally maintains office hours, or whether the elected official shows up at the office has no bearing on the official's right to be compensated. . . .

In those few instances where elected officials choose to be included in such employee benefit policy (and were included in the authorizing ordinance), the officials must maintain proper attendance records (the same as all other city and town employees) which shall clearly disclose days worked, days missed, type of leave taken, etc. This decision certainly cannot be made just prior to the close of the official's term.

A city or town council is authorized to "grant vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance" to "employees of the political subdivision" pursuant to Indiana Code 5-10-4-1. The term employees is not defined.



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

We requested that Sury reimburse the Town \$6,426.71 for 2015 vacation leave pay, which was not supported by timesheets or Employee Service Records. The amount included \$456.71 for the employer share of Social Security and Medicare. Sury reimbursed the Town \$6,426.71 on February 14, 2017.

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations included the following errors:

1. Cash longs and shorts were included in the bank reconcilements as "bank offsets."
2. The 2012 outstanding check list excluded 17 checks totaling \$17,121.
3. The 2015 outstanding check list included 20 checks totaling \$53,065 that should have been excluded.
4. Bank reconcilements were not completed on the two credit card clearing accounts.
5. Bank reconcilements could not be located for examination for the Water account for March 2012.
6. Bank reconcilements could not be located for examination for the Wastewater accounts for March, July, and November 2012.
7. Bank reconcilements for the self-insurance bank accounts were incorrect.

Reconcilements for 2012, 2015, and 2016 were not performed timely. The reconcilements for all four of the months tested in 2012 were dated two to three months after the month following the bank statement date. The bank reconcilements for two of the three months tested in 2015 were dated one to three months after the month following the bank statement date.

As of April 13, 2016, none of the bank reconcilements were performed for 2016. The Clerk-Treasurer hired a consultant to correct the bank reconcilements for 2015, and to reconcile the bank accounts for January and February 2016. As of August 22, 2016, the bank accounts have been reconciled through March 31, 2016.

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."

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

***SELF-INSURANCE FUNDS***

*Emp Benefit Admin Fee fund for 2014 and 2015*

In 2014 and 2015, the financial statement presented for examination as prepared in the Annual Financial Report was incorrect and did not match the Town's records. The cash and investment balances of the Emp Benefit Admin Fee fund were understated by \$96,130 and \$12,994, respectively.

In 2014, receipts and disbursements were understated by \$127,877 and \$31,747, respectively. In 2015, receipts were overstated by \$26,485, and disbursements were understated by \$56,651 due to not recording transfers in and out.

Examination adjustments were proposed and accepted by the Clerk-Treasurer to correct the receipts, disbursements, and resulting cash and investment balances of the Emp Benefit Adm Fee fund.

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."

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 for Cities and Towns, Chapter 1)

*Health Claims fund*

In 2014 and 2015, the financial statement presented for examination as prepared in the Annual Financial Report was incorrect and did not match the Town's records. The cash and investment balances of the Health Claims fund were overstated by \$228,754 and \$20,906, respectively.

In 2014, the disbursement activity of the Health Claims fund was posted directly from the bank statements, instead of from the check registers; thus, checks issued but not clearing the bank were not recorded as disbursements in the ledgers and financial statements of the Town. In 2014, disbursements of the Health Claims fund were understated by \$260,500. Furthermore, not all of the transfers from the Emp Benefit Admin Fee fund to the Health Claims fund were recorded; thus, receipts of the Health Claims fund were understated by \$31,747.

In 2015, the Clerk-Treasurer only recorded one deposit made to the Health Claims fund of \$4,385 and recorded two disbursements totaling \$158,315, which could not be substantiated to the bank account activity or reports provided by the third-party administrator. One of the two disbursements in the amount of \$43,429 was recorded as a "transfer out" to bring the fund cash and investment balance to zero, but a corresponding "transfer in" to another fund could not be found. For 2015, the receipts and disbursements of the Health Claims fund were understated by \$733,940 and \$526,092, respectively.

Examination adjustments were proposed and accepted by the Clerk-Treasurer to correct the unstated receipts and disbursements of the Health Claims fund for 2014 and 2015, which also corrected the overstated cash and investment balances reported in the financial statements.

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

The accounts payable vouchers for the Health Claims fund disbursements either did not have any supporting documentation attached, or a copy of the bank statement was attached to support the amounts posted to the ledger. The Clerk-Treasurer was not using the check registers or email correspondence provided by the third-party administrator as the source document and support of the fund disbursements.

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."

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 for Cities and Towns, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**REPORTED UTILITY COLLECTIONS**

Controls over the proper reporting of utility collections were not adequate. The utility collections reported in the financial statements did not agree to the cash summary reports for the years examined. In all four years, reported water utility collections exceeded the cash summary reports. The reported wastewater and sanitation collections were less than the collections per the cash summary reports.

The following illustrates the discrepancies:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Recorded in Financial Statements:				
Water	\$ 2,079,603	\$ 2,048,634	\$ 1,807,082	\$ 1,896,521
Wastewater	2,040,931	2,066,362	2,085,210	2,210,618
Sanitation	1,062,745	1,021,861	1,065,896	1,155,641
Supported by Cash Summary Reports:				
Water	2,062,606	2,004,759	1,763,789	1,877,163
Wastewater	2,047,588	2,090,535	2,101,934	2,208,430
Sanitation	1,070,885	1,041,473	1,089,823	1,176,838
Differences - Financial Statements Exceed (Less than):				
Cash Summary Reports				
Water	16,997	43,875	43,293	19,358
Wastewater	(6,657)	(24,173)	(16,724)	2,188
Sanitation	<u>(8,140)</u>	<u>(19,612)</u>	<u>(23,927)</u>	<u>(21,197)</u>
Overall Differences	<u>\$ 2,200</u>	<u>\$ 90</u>	<u>\$ 2,642</u>	<u>\$ 349</u>

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

Personnel were not comparing the recorded collections to the cash summary reports to ensure accurate and complete reporting of financial transactions in the financial statements. Material discrepancies could lead to a modified opinion over the financial statements.

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.

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. . . ."

**OVERDRAWN CASH AND INVESTMENT BALANCES**

The financial statements presented in this report included the following funds with overdrawn cash and investment balances at December 31, 2014 and 2015:

Fund	Overdrawn Balance at December 31, 2014	Overdrawn Balance at December 31, 2015
Health Claims	\$ (74,823)	\$ (20,905)
Christmas Events	-	(777)
Trash Collection	-	(286)
Payroll	-	(29,783)

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)

**UTILITY RECEIPTS TAX**

The Indiana Department of Revenue Utility Receipts Tax Return (Form URT-1) excluded reporting collections from private fire hydrant rental of \$18,270, \$15,469, \$17,640, and \$17,955 in 2012, 2013, 2014, and 2015, respectively. The Clerk-Treasurer neglected to report the annual taxpayer deduction of \$1,000 for each of the four years examined; which would have reduced the amount of tax paid. In 2014, the Clerk-Treasurer underreported the quarterly estimated payments by \$1,626.

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

Indiana Code 6-2.3-5-1 states in part:

"(a) Each taxable year a taxpayer is entitled to deduct from the taxpayer's gross receipts an amount equal to the product of:

- (1) one thousand dollars (\$1,000); multiplied by
- (2) a fraction.

The numerator of the fraction is the number of days in the taxpayer's taxable year for which the taxpayer is subject to the utility receipts tax, and the denominator of the fraction is the number of days in the taxpayer's taxable year.

(b) If a taxpayer files quarterly gross receipts tax returns the taxpayer may use a proportionate part of the deduction provided by subsection (a) for each return filed. . . ."

***DISTRIBUTION OF SALARIES AND WAGES***

In 2012 and 2013, salaries and wages for employees and officials of the Clerk-Treasurer's office and the Town Manager's office were allocated to the General fund, Sanitary District, Water District, Water Utility, and Wastewater Utility. In 2012 and 2013, 24 percent or less of the total salaries and wages of officials and employees of the Clerk-Treasurer's office and the Town Manager's office were allocated to the General fund.

In 2014 and 2015, the salaries and wages for the employees and officials of the Clerk-Treasurer's and Town Manager's offices were allocated entirely to the Sanitary District, Water District, Water Utility, and Wastewater Utility. No amounts were allocated to any Town funds.

Records of hours worked on various activities to substantiate the percentages of salaries and wages allocated to the each of the funds were not maintained. Revenues and expenses should be adequately matched. Utility fees should not be used to pay for expenses associated with the day to day operations of government.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

***PAYROLL***

*Payroll Claims and Approvals*

The Town used forms titled "Employee Distribution Summaries" (Summaries) in lieu of the prescribed Payroll Schedule and Voucher, General Form No. 99. The Summaries were not presented to and were not signed or certified by the department heads, the Clerk-Treasurer, or the governing body indicating that the vouchers had been reviewed and approved. In lieu of printing the Summaries, the Clerk-Treasurer prepared an Accounts Payable Voucher each pay period and attached it to a report indicating the fund, account, and dollar amounts being posted to each, but excluded the detail of the disbursements.

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

Amounts recorded as payroll disbursements in the ledgers for the years ended 2014 and 2015 did not agree to the Summaries as of the end of each respective year. In 2014 and 2015, \$50,811 and \$110,119, respectively, of employee pensions and benefits were recorded as salaries and wages. In 2015, \$152,051 of salaries and wages per the Summaries were "auto-transferred" to other line items than the ones specified on the Summaries. Also in 2015, salaries and wages totaling \$94,763 were allocated to the General fund per the Summaries; however, the salaries and wages were actually recorded in the CAGIT/Public Safety fund.

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

*Information Technology Controls*

The only employee-prepared time cards retained for examination were from the Public Works Department. The Clerk-Treasurer indicated all departments, except for the Fire and Public Works Departments used timesheets which were electronically maintained; however, controls, such as user IDs and passwords were not in place to ensure that only the employee or department head could enter or alter the records. Furthermore, not all of these electronic timesheets were retained for examination.

Per section 9.5 (a) of the Town's Personnel Policy: "Every non-exempt salaried and hourly employee shall be required to turn in a time card or sheet at the end of each pay period to his or her Supervisor or Department Supervisor. . . ."

Management should protect governmental entity information to maintain the level of information security risk acceptable to the governmental entity in accordance with the security policy and establish and maintain information security roles and access privileges and perform security monitoring. They should also minimize the business impact of operational information security vulnerabilities and incidents. In order to accomplish this, management should:

- 1) Ensure that all users have information access rights in accordance with their business requirements and coordinate business units that manage their own access rights within business processes.

(Accounting and Uniform Guidelines Manual for Indiana Political Subdivisions - Information Technology)

**CREDIT CARDS**

The Town did not comply with the credit card policy established in Ordinance 1433 as follows:

1. Itemized invoices were not attached to the accounts payable vouchers in 14 instances.
2. Purchase authorization forms were presented for nine purchases where the purchases were approved after the invoice date.
3. Attached invoices did not agree to the amount paid in three instances.

In addition, payments made to the bank for credit card purchases were based upon the vendor receipts remitted to the Clerk-Treasurer without comparing them to a credit card statement. Credit card statements were not retained for examination to verify the timeliness of the payments for 2013, 2014, and 2015.

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

Per the Town's credit card policy within Ordinance 1433:

" . . .D. That the Town credit card shall be authorized for use for the purchase of materials and miscellaneous items for the Town, but only as necessary and required for efficient and proper government use; that the Town Manager shall make a determination of necessary, efficient, proper required use, and shall pre-authorize such credit card use. Further, the Town Manager shall keep and maintain a record of such pre-authorized credit card use in a form and manner consistent with the rules and regulations of the State of Indiana Board of Accounts, as amended from time to time.

E. That all Town employees and officials shall immediately account for the use of the Town credit card or cards to the Town Manager, including applicable documents relating to purchases, such as individual receipts and signature authorization.

F. That the Town Manager shall provide all supporting documentation and receipts for each credit card purchase to the Clerk-Treasurer as required for payment under the current rules and regulations of the State Board of Accounts, and as the same may be amended from time to time. . . ."

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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

February 14, 2017

Mr. Paul D. Joyce  
State Examiner  
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Indianapolis, IN 46204-2765

Email: [ldavid@sboa.in.gov](mailto:ldavid@sboa.in.gov)

RE: Clerk-Treasurer  
Town of St. John  
Examination Results & Comments 2012-2015

### OFFICIAL RESPONSE

Dear Mr. Joyce:

As the former Clerk-Treasurer of the Town of St. John, Indiana, \*\* I attended an exit conference on January 31, 2017, whereas the results of the 2012 – 2015 examination period were disclosed and reviewed.

*\*\* During the second quarter of 2012, my third term in office, the Town Manager by direction of the Town Council, assumed control of a few of my powers and duties, as defined by state statute, without question or explanation. Since this matter could not be resolved, these allegations warranted the filing of a lawsuit seeking interpretation of the state statute regarding my powers and duties in 2013. This lawsuit remained in litigation while a totally hostile work environment existed within the clerk-treasurer's office along with my continual deteriorating working relationship with the Town Manager and Town Council. The lawsuit was dismissed shortly after my term of office expired December 31, 2015.*

This is my response to said examination results and comments:

#### **Penalties & Interest**

I acknowledge the penalties and interest that incurred in 2015 as stated in your findings for the quarterly 941 payroll taxes; however, in my opinion, I do not believe this financial responsibility is mine but that of the chief-deputy, an employee of the town. As stated in the Accounting & Uniform Compliance Guidelines Manual for Cities and Towns Chapter



7, "Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fee being assessed against the government unit. Any penalties, interest, or other charges paid by the government unit may be the personal obligation of the responsible official or employee."

My interpretation of employee financial responsibility for tax payer funds and internal controls would be the daily maintenance of cash drawers by the three clerks in my office each having a drawer containing \$100.00. These drawers were cross balanced daily by each other and the clerks were responsible for any overages or deficits in their individual drawers. I did not remind them daily to cross balance the drawers as they knew their daily tasks, monthly and yearly responsibilities.

As was customary for years, even before my tenure, the chief-deputy was responsible for the payroll and along with her clerk; they performed all the duties, submissions and responsibilities assigned to this task. When discrepancies were noted after bringing this matter to my attention, they conferred with the Town Manager for direction since he was the final authority for approval. Occasionally he would issue directive memos to the chief-deputy without submitting a copy for my file. I did not have to remind them to prepare and distribute the bi-weekly payroll, they were aware of their responsibilities.

A "monthly year at a glance" calendar hung from the wall in the chief-deputy's office contained entries that also included due dates for the submission of reports and payments as required. In addition, since the court order in 2014 my chief-deputy was acting clerk-treasurer since I was hospitalized for over six weeks with a life-threatening condition and then had to endure extensive physical therapy whereas I could not immediately return to work.

During this period of time my chief-deputy and her accounts payable clerk as well as my entire office staff and the temporary employees, hired without my knowledge, were continually and totally under the direction of the Town Manager, until my term of office expired on December 31, 2015. Even though two of my staff, my chief-deputy and her clerk retired and took the generous severance package that was offered in 2015, it is my understanding that their work was considered impeccable and they were asked during the summer of 2015 to continue their tenure with the town in 2016. They returned to work in the clerk-treasurer's office at the outset of 2016 to instruct the new clerk and deputies as to their duties, including the responsibilities for the submission of payments and reports along with the operation of the various computer programs.

Since my comments at this time can't be re-evaluated or re-considered for determination and to conclude this matter; I will make restitution and a check will be forwarded to the clerk-treasurer.

#### **Clerk-Treasurer Vacation Pay**

I was never asked during this examination process, however customary during my previous exams by your auditors, to provide any specified documents or in this instance,

to produce my time sheets to support my service time for 2015 before the exit conference and or before the final examination results and comments were prepared and presented. Documentation does exist that I maintained a log of service hours, or calendar, as I attended meetings and transmitted various e-mail communications and executed documents. These communications were with the Town Manager, the clerks' office, residents and businesses as I tended to the tasks of the clerk-treasurer from home with my personal computer linked to the town computer at the 10955 W 93<sup>rd</sup> Avenue address. The tasks as described were performed to the best of my ability despite my medical condition and physical limitations.

During the times I worked in the office, the chief-deputy's clerk or the temporary payroll specialist never asked for my time sheets as was customary every two weeks. Proof of service documentation was and is available if requested. Furthermore, I was left "out of the loop" and I had to routinely ask for fund, revenue and appropriation reports among other various documents and contracts. I did not receive the new office keys, whereas the locks were changed during my absence due to my medical condition, until June 2015.

I did inquire as to my eligibility to receive vacation pay for 2015 from the temporary payroll specialist, hired without my knowledge or approval, and asked her to check with the chief-deputy who would in turn seek the authorization from the Town Manager/Town Council. At no time was I ever asked to submit my time sheets even though I offered this documentation. When I received this check, I believed it had been authorized by the Town Council. During the entire year of 2015, the employees in my office only took direction from the Town Manager and my chief-deputy due to existing litigation that was never resolved.

Since I did not insist on providing my documentation at the time of questioning my eligibility for vacation pay with the temporary payroll specialist clerk, at my earliest opportunity I will submit a check to the clerk-treasurer that also includes the re-payment for the employers' share to conclude this matter. However, I do not understand why I am liable for reimbursing the town for the employer's share as I believe this to be a double paid employer contribution. The town would only have to submit a corrected contribution filing as it pertains to this matter. Also, I will request at the time of payment presentation to receive a corrected "W-2" and detailed receipt that includes the reimbursement made for the employer's contribution before March 10th thereby alleviating the necessity of having to submit amended federal/state tax returns after the filing deadline.

**Bank Account Reconciliations – Self Insurance Funds – Reported Utility Collections – Overdrawn Cash and Investment Balances – Utility Receipts Tax – Distribution of Salaries and Wages – Payroll – Credit Cards**

I am at a disadvantage and unable to adequately respond to the errors, omissions and discrepancies so cited in the examination results and comments. Since I was never contacted or asked, as was customary during my previous exams by the auditors, to address or provide documentation during the exam process. I do not know what actual documentation and or information was presented for their review for the period of 2012 -

2015. Therefore, I am only able to respond for the record as noted below to the best of my knowledge and belief of the following facts as it pertains to these comments:

A flash drive that explained the location of all the files in the office (including the basement files) such as the records, receipts, bank statements, proposals, contracts, personnel/hippa, bonds, ordinances, resolutions, letters of credit, codification book, deeds, payroll, oaths, SBA audits, budgets, letters of credit, recapture agreements etc. was presented to the new clerk-treasurer. Also a document summarizing the contents of the flash drive along with the paperwork from the last Town Council Meeting in December of 2015 was executed by the new clerk-treasurer on December 31, 2015. At that time the keys to the office were handed over as well as an explanation provided for the mandatory postings on the bulletin board.

During the transition process it is my understanding that the newly elected clerk-treasurer along with her assistants shredded documents when she took possession of the office that housed all the books and records of the town. However, since I was never contacted as to the locations or status of all the files, including CD's containing banking information, statements or other information, I am not able to identify what actual records were purged or missing including the time cards from the different departments so cited that were housed in the file room.

The office of the clerk-treasurer was understaffed for several years despite repeated requests to hire additional staff. According to the 2000 census there were 8,382 people living in St. John and 14,850 for 2010 with an estimated total of over 16,000 people in 2015. This deficiency in manpower surely over-burdened the office staff as the additional building permits, utility payments, pet registrations, weed liens, utility liens, town event registrations and park rentals had to be processed along with new accounts established for utility customers. I believe this continual daily loss of time, or man hours, prevented the staff from properly completing and double-checking their work before conclusion and submission and contributed to the errors, omissions and discrepancies so cited.

The clerks in the clerk-treasurer's office were seasoned employees and successfully subjected to several previous audits as their work was audited and or examined. I cannot understand how the office failed this examination process as the clerks continued to receive training from the computer soft-ware vendor along with program updates as well as attend education classes offered by the SBA and the Indiana League of Municipal Clerks and Clerk-Treasurers. Unfortunately during the 2014-2015 period, the other explanation I can provide is that they were lax and inattentive to their tasks, responsibilities and assignments, for some reason even though they continued to realize the pay raises, bonuses, and generous severance packages they received.

With permission from the Town Council, the Town's financial advisor assisted the chief-deputy in 2012 in reconciling the various accounts and continued to assist her as needed throughout the years. Over the years they also assisted the Town Manager in the preparation of the budgets and prepared reports according to direction from the Town Council. During the period of 2012 -2015 I was not involved in any of the budget estimates or able to offer any input as to the allocation of salaries as cited in the comments.

By direction of the Town Council, the Town Manager and chief-deputy continued to work with the vendor providing the service for the self-insurance funds. The credit card payments were processed by the accounts payable clerk after approval from the Town Manager.

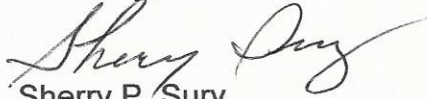
It was the responsibility of the chief-deputy to train her clerks along with the temporary payroll clerks that were hired. The utility billing clerk had the responsibility of training the clerks that assisted her in the billing, receipting, posting, balancing and reporting of the utilities that included water, wastewater and sanitation. The utility clerk worked in conjunction with the chief-deputy in the preparation of the utility receipts tax submissions and to the best of my knowledge and belief they followed the suggestions and directions given to them by the previous examiners.

During the 2014 and 2015 period I was not able to continually monitor or provide assistance to the clerks during the monthly, quarterly and yearly reporting, as was customary, due to the circumstances as stated above. Tending to the processing and recording of the Town Council's directives and other duties so associated with this position was performed without any clerical assistance by me. These tasks took up the majority of my time that was allotted to me from my physician, due to my disability, to work from home with only minimal time spent each week at the municipality.

In conclusion, it is my understanding that the Town Council in 2016 authorized the hiring of additional clerks and the adjustments so cited in the examination results and comments, have been accepted.

To the best of my knowledge and belief this response has been prepared from actual experience and information in my possession.

Sincerely,

  
Sherry P. Sury

**Office of the  
Town Council**



**Michael S. Forbes**  
**Stephen Hastings**  
**Gregory J. Volk**  
**Mark Barenie**  
**Christian Jorgensen**

*St. John Municipal Building  
10955 West 93<sup>rd</sup> Avenue  
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**STATE OF INDIANA  
STATE BOARD OF ACCOUNTS**

**FINANCIAL STATEMENTS  
EXAMINATION REPORT OF THE  
TOWN OF ST. JOHN, LAKE COUNTY, INDIANA**

**(For the Period from January 1, 2012, to December 31, 2015)**

**SUPPLEMENTAL COMPLIANCE REPORT  
AND  
TOWN OFFICIAL RESPONSE**

**INTRODUCTION**

The Town of St. John, Lake County, Indiana, is a unit of Local Government in Lake County, Indiana, subject to the review and examination responsibilities and jurisdiction of the Indiana State Board of Accounts. The Financial Statement Examination Report of the Town of St. John, Lake County, Indiana, for the period from January 1, 2012 to December 31, 2015, commenced on or about March 16, 2016. The Field Examiner assigned communicated with the Town Administrative Staff and Clerk-Treasurer from the Entrance Conference to and through the January 31, 2017, Exit Conference.

Based upon scheduling and coordination instructions of said State Board of Accounts Field Examiner, the Exit Conference was scheduled and conducted January 31, 2017, for the review of the Supplemental Compliance Report supplementing the Financial Statements Examination Report mentioned aforesaid. The attendees at the Exit Conference of January 31, 2017, are identified by name and signature on Page 5 of 5 of the Exit Conference Acknowledgement Form 8. As represented by said Field Examiner in said Exit Conference, an Official Response may be made by the Town of St. John, Lake County, Indiana. This document, and information contained herein, shall serve as that Official Response.

Additional Exit Conference documentation, namely, review acknowledgment of Exit Conference with Field Examiner, and Verification that this Official Response would be made was executed by attendees at said conference. It should be noted that on Page 7 of said documentation, the name and signature of former Clerk-Treasurer of the Town of St. John, Lake County, Indiana, Sherry Sury, is appended. It is the understanding of the Town of St. John that a separate and stand-alone response of the former Clerk-Treasurer will occur, but under separate cover.

Finally, for introduction purposes, it should be noted that for the time period for the Audit examination by the State Board of Accounts, the duly elected Town Clerk-Treasurer was Sherry P. Sury. By consequence of the General Election in November, 2015, the current Clerk-Treasurer, Beth R. Hernandez, was elected to the Office and Position. Sherry P. Sury was the Clerk-Treasurer for three (3) terms of Office, ending December 31, 2015, which is coterminous with the ending date of this Audit Examination. As a consequence, all matters addressed herein will be attributed to

the conduct and performance, or non-performance, of the former Clerk-Treasurer, as will be enumerated specifically hereinafter.

The balance of the response hereto will provide the Town Response to the Supplemental Compliance Report in the order of the Table of Contents on page 2 of said Supplemental Compliance Report. Said Official Response will follow immediately hereinafter.

## **CLERK-TREASURER**

### **Examination Results and Comments:**

This section of Official Response will briefly repeat the aforementioned, namely, that Sherry P. Sury was the elected Clerk-Treasurer of the Town of St. John for three (3) full four (4) year terms, after an initial partial term of one (1) year, in 2003, following resignation of her predecessor Clerk-Treasurer, Judith L. Companik, who departed the position to undertake government service employment in the Office of the Lake County Auditor. Ms. Sury served continuously except for a period of time in late 2014 and early 2015 when under Court Orders in a Lawsuit she commenced against the Town Council of the Town, she was restricted in her duties and responsibilities for the continuation of the functions of the Office. However, upon medical release, Court Orders of limitation were withdrawn by the Trial Court. The cause of action is Sherry P. Sury, Clerk-Treasurer, vs. Michael S. Forbes, Town Council of the Town of St. John, et al., which was docketed under Lake Superior Court Cause No. 45D10-1311-PL-00120. It should be noted that this Lawsuit proceeding was commenced by Ms. Sury in 2013, and maintained through the end of her term of Office December 31, 2015. Successor Clerk-Treasurer Beth R. Hernandez thereafter immediately stipulated with the Town Council to dismissal of the lawsuit proceeding in early February, 2016. Please note this lawsuit circumstance in the Attorney Litigation Opinion Letter supplemental to the Examination Report for this Audit Examination.

The Supplemental Complaint Report reflects ten (10) substantive areas of review and report pertaining to the Clerk-Treasurer. For general response purposes, Town Officials acknowledge the report made by the Field Examiner and Staff regarding the Office of the Clerk-Treasurer. The following should be noted as relevant and critical to the Official Response hereto, and specifically pertaining to the following, namely:

- All ten (10) review areas in the Supplemental Compliance Report, namely:
  - Penalties and Interest
  - Clerk-Treasurer Vacation Pay
  - Bank Account Reconciliations
  - Self-Insurance Funds
  - Reported Utility Collections
  - Overdrawn Cash and Investment Balances
  - Utility Receipts Tax
  - Distribution of Salaries and Wages
  - Payroll
  - Credit Cards

were matters entirely in the control and authority of the Town Clerk-Treasurer

- As all such matters were under the exclusive and sole control and jurisdiction of management, oversight and responsibility by the Town Clerk-Treasurer, neither the Town Council nor Administrative Staff had any knowledge of said issues;
- The matters addressed in each of these areas were essentially basic duties and responsibilities, as well as fund management. These duties and responsibilities were the minimum basics for an official holding such position;
- The totality of the issues and non-compliance items reported reflect an apparent lack of skill, knowledge, and ability. This is unacceptable fiscal and record keeping fiduciary effort, and particularly for a Clerk-Treasurer such as Ms. Sury who had, at taxpayer expense, sought and was issued accreditation credentials, in addition to participating in the minimum attendance responsibilities with the Office of the State Board of Accounts and other State Agencies;

- The totality of conditions reported in non-compliance reflect complete lack of establishment or implementation of internal controls;
- There is an apparent failure of the Clerk-Treasurer to conduct proper transfer and account balance functions, which should be deemed basic fiscal officer fiduciary responsibility;
- The Clerk-Treasurer failed or declined to communicate any issues or non-compliance circumstances to the Town Administrative Staff or Town Council;
- The Clerk-Treasurer reportedly declined to communicate with the Town's Financial Advisors on matters of fiscal controls or issues, including the Town Financial Advisors at H.J. Umbaugh and Associates, and later at Cender & Company;
- Notwithstanding continuing and regular mandatory education, training, and instruction at Clerk conferences, educational seminars, and the like, no internal controls and processes seem to exist;
- With the circumstances identified by the Supplemental Compliance Report, and assessment of the totality of these circumstances, it can be fairly concluded that the dereliction in fulfillment of duties and responsibilities by the Clerk-Treasurer constituted, minimally, gross negligence, and in worse case, more drastic problems.

The circumstances identified and reported, while surprising and embarrassing, have caused an exhaustive review assessment by the current Clerk-Treasurer and her Staff, as well as Town Officials, to address each reported item, identify issues to remedy, and cause compliance. These matters will be identified specifically hereinafter with each of the ten (10) subject areas under Clerk-Treasurer reported in said Supplemental Compliance Report.

### OFFICIAL RESPONSE

**Penalties and Interest.** The Town acknowledges the comments herein. It is the position of the Town that Penalties and Interest matters as reported herein are the entire responsibility of former Clerk-Treasurer Sury. It should be noted that the Town salvaged penalty and interest liabilities on a previous event of negligence or non-compliance by the Clerk-Treasurer through negotiation with the Internal Revenue Service, but that no such waiver relief was available in this latest reported instance, notwithstanding efforts by the current Clerk-Treasurer, Beth R. Hernandez, seeking same. The IRS denied subsequent relief, leaving penalties and interest remaining owing. We understand that Ms. Sury tendered payment in full of penalties and interest owing in the amount of \$2,780.58 on or about February 16, 2017. This should be self-explanatory with the reimbursement payment made.

**Clerk-Treasurer Vacation Pay.** There is full acknowledgement of the comment items herein. As with the previous Penalties and Interest report item, the former Clerk-Treasurer had been included in the Town Salary Ordinance for compensation benefits. However, recordkeeping was completely in the control and custody of the Clerk-Treasurer, with no control in the Town. Ms. Sury controlled payroll and payment of salary and benefits, and notwithstanding her not keeping employee attendance records, payroll was processed, including for herself, each seemingly in non-compliance with applicable law. With regard to her own vacation leave payment not supported by timesheets or employee services records, Ms. Sury repaid on February 16, 2017, the amount of \$6,426.71, as referenced in the Supplemental Compliance report. This reimbursement has been acknowledged and processed by current Clerk-Treasurer Beth R. Hernandez. It should further be noted that current and appropriate internal controls and procedures and record documentation processes are implemented by the current Clerk-Treasurer to support compensation to Town employees and officials.

**Bank Account Reconciliations.** The Town acknowledges the Supplemental Compliance Report information on this matter. These matters were entirely in the control and responsibility of the previous Clerk-Treasurer, Ms. Sury. She apparently failed to comply with the requirements to account and reconcile, which are the most basic of Clerk-Treasurer duties and responsibilities. The Town had no knowledge of these circumstances or issues, which were solely in the control of the Clerk-Treasurer. This significant circumstance reflects an astonishing apparent lack of knowledge and skill for holding the Clerk-Treasurer Office, reflects no internal controls being present, and further reflects a waste of taxpayer funds and time for education, information, and training provided to said Clerk-Treasurer. It should be noted that these matters are under the direct supervision of the current Clerk-Treasurer who has implemented current and appropriate internal controls and procedures for compliance. The conditions reported reflect at best, gross negligence and dereliction by the previous Clerk-Treasurer, or at worse, more significant issues.

**Self-Insurance Funds.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance, including substantial understating and overstating of balances, non-recording of transfers, and various adjustments. The Town acknowledges these comments and repeats herein its same comments as referenced above for Bank Account Reconciliations. Again, the current Clerk-Treasurer has addressed these matters by direct responsibility of the oversight of the functions, establishment of internal controls related to same, and staff training.

**Reported Utility Collections.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance on these utility collections referenced. As is repeatedly identified, the unreconciled reports and receipts are acknowledged. Such information was not known to Town Officials outside the Clerk-Treasurer. These matters were completely in the Control of said Clerk-Treasurer and would be considered a basic duty and responsibility. There is apparent lack of knowledge, internal controls, and management oversight on these matters, and a significant conclusion can be drawn that the Clerk-Treasurer did not have the knowledge or skill set requisite for the responsibilities. Again, in context of the totality of circumstances, these matters can be considered at best, gross negligence, and at worse, much more. This is especially true when it is known that the Clerk-Treasurer declined to communicate with Town Financial Advisors available for purposes of assisting on these matters. The new Clerk-Treasurer has addressed these matters, established procedures and internal controls, and supervises her staff. Further, she has utilized accessibility to the Town Financial Advisors. This matter is and has been addressed going forward.

**Overdrawn Cash and Investment Balances.** The Town acknowledges these Supplemental Compliance Report matters of Non-Compliance. All previous comments regarding the handling of same by the former Town Clerk-Treasurer apply here and should be incorporated. The current Clerk-Treasurer has undertaken all necessary actions to identify deficiencies, establish procedures and internal controls, and correct the areas of non-compliance. The former Clerk-Treasurer should be entirely responsible for, at best gross negligence, and at worse, much more.

**Utility Receipts Tax.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance herein. Reference to neglect by the previous Clerk-Treasurer is made, and acknowledged. All comments on previous sections of the Supplemental Response should be noted and incorporated herein. The current Clerk-Treasurer has likewise acknowledged the report of non-compliance, has reviewed the law, and has undertaken establishment of policies and internal controls for addressing same. Further, the current Clerk-Treasurer will utilize the services of the Town Financial Advisors as well as a specialty educated and trained CPA employee in her Office for such purposes going forward. The actions of the previous Clerk-Treasurer stand described for Official Response purposes as stated.

**Distribution of Salaries and Wages.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance regarding Salaries and Wages. The Annual Town Salary Ordinance has, to the best of the knowledge of Town Officials, been in compliance with the applicable law specified in said Supplemental Compliance Report. The identification of amount of compensation, and source of same, is specified. Notwithstanding same, acknowledgement of the comment is made, and further review assessment will be undertaken.

**Payroll-Payroll Claims and Approvals.** The Town acknowledges the comments contained in the Supplemental Compliance Report sub-section herein. All aspects of lack of knowledge by the Town Administrative and Town Council Offices is repeated herein as is report of exclusive jurisdiction and control in the past Clerk-Treasurer, Ms. Sury. It is further acknowledged that procedures are required to be established for compliance with payroll record keeping and payment. The current Clerk-Treasurer, Beth R. Hernandez, has undertaken said controls, established procedures, and is proceeding in compliance with applicable requirements. The lack of controls, compliance and procedure responsibility on the part of the past Clerk-Treasurer is, again, at best, gross negligence, and at worse, more.

**Information Technology Controls.** This sub-section of the Report topic on Payroll is acknowledged. All the same previous comments regarding circumstances of handling and jurisdictional responsibility by the previous Clerk-Treasurer are repeated herein and incorporated. It should be noted that as a priority matter, procedures and technology are in place for each user to have a unique User ID and Password, which is not to be shared. This is to conform to the requirements of Chapter 7 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns referenced going forward.

**Credit Cards.** The Town acknowledges the comments for Credit Cards in the Supplemental Compliance Report. It is unclear how the controls for credit card usage were not maintained, but all previous comments regarding the handling of basic administrative matters by the previous Clerk-Treasurer of the Town, Ms. Sury, are instructive,



and incorporated herein by reference. As a consequence of this comment, and information provided, the Town Attorney is currently reviewing the current Town Credit Card Usage Regulations Ordinance and preparing draft regulations by Amending Ordinance for consideration by the Town Council and to address the supplemental compliance report comments herein. The Town Council will have this matter before it shortly for review consideration and adoption.

**CONCLUSION.** The foregoing, and totality, improperly reflects lack of institutional control upon all Officials and representatives of the Town of St. John other than the past Clerk-Treasurer, Sherry P. Sury. Unfortunately, the performance and demeanor of the past Clerk-Treasurer resulted in a “bunker mentality” for handling the business of the people of St. John, incoherent communication, and resultant gross negligent duty performance by that Official. The matters identified in said Supplemental Compliance Report to the Examination Report for the period January 1, 2012, to December 31, 2015, are, in all matters, either already addressed and remedied, or in process of same.

## **TOWN COUNCIL**

### **Examination Results and Comments:**

**Trash and Recycling Services.** The Town acknowledges the comments made in the Supplemental Compliance Report regarding the within matter. It was confusing to the Town that the original Contract could not be located for examination. It is the position of the Town that lawful compliance occurred regarding its Contracts for Trash and Recycling pick up services, and that accurate documentation compliant with applicable law was processed in public meeting approval actions. For this response, enclosed please find the following, namely:

- May 9, 2007, approved Contract for Collection of Refuse and Recyclables by the Town with Allied Waste Services;
- First Amendment to Contract for Collection for Refuse and Recyclables by Town with Republic Services, Inc., by merger with Allied Waste Services dated May 27, 2010;
- Second Amendment to Contract for Collection of Refuse and Recyclables by the Town with Republic Services, Inc., by merger with Allied Waste Services dated September 26, 2013; and
- Ordinance No. 1482 of the Town Establishing a Garbage Collection Fee and Regulations Pertaining to the Collection and Disposal of Refuse, Garbage and Recyclables in the Town.

The Town has noted the comments made, and in furtherance of continuing compliance with applicable law, will not renew the subject latest Contract without first undertaking a public bidding process with all bidding requirements as set forth by applicable law to be included. The aforementioned legal documents will be appended hereto as Exhibit “A”.

**Temporary Loans.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Temporary Loans. Notwithstanding said comment, the Town, by action of the Town Council has, by public meeting approval of inter-fund loan repayment forgiveness Resolutions, acted to forgive outstanding loan balance amounts, inclusive of the amount of \$700,000.00 to Cumulative Sewer Fund, and \$581,151.42 to Expansion Fund. A copy of Town Resolution No. 2016-12-15 is enclosed herewith. It is not noted in the supplemental Compliance Report comments of the State Board of Accounts that said Resolution has been made. Please also note that this Resolution was approved by the St. John Town Council in its public meeting of December 15, 2016. The referenced Resolution is attached as Exhibit “B”.

**Ordinance Violations.** The Town acknowledges the comments pertaining to Ordinance Violations under the Town Council section of the Supplemental Compliance Report. The lack of clarity identified is likewise acknowledged. It is unknown how the improper penalty recordation for a Water System Charge ended up being deposited in the General Fund, rather than the Waterworks General Fund, or Water Operating Fund, but those actions and determinations were made by the past Clerk-Treasurer, Sherry P. Sury, whose extensive discovered and identified list of processing deficiencies and non-performance, and all related consequences are already substantially documented hereinabove.

With regard to addressing details of fines and penalties for non-compliance with Town Ordinances, the Town acknowledges the necessity of full review and assessment of same, updating of Ordinances connected therewith, and

confirming the authorities of the Clerk-Treasurer related to civil penalties. Further, the Town will further examine and investigate the status of the Ordinance Violations Bureau documentation and Court Order. These are records that are missing, which were under the recordkeeping authority and jurisdiction of the past Clerk-Treasurer, Sherry Sury. The Town cannot locate a number of relevant public records and documents that it has relied upon for many years, and all during the term of Office of Ms. Sury. A total review and analysis for updating the referenced Ordinances herein is in process.

**Vacation Pay.** The Town acknowledges the comments made in this section of the Supplemental Compliance Report for the Town Council. The Town Personnel Policy Manual is in review for revision and replacement by the Town Attorney. The matters presented in the Supplemental Compliance Report on this matter will be addressed.

**Payroll.** The Town acknowledges the comments for payroll under the Town Council Section of the Supplemental Compliance Report. Please note that the current Clerk-Treasurer has adjusted recordkeeping to conform to the audit comments, consistent with the modernization of the Office of the Clerk-Treasurer and its duties, responsibilities and functions. This update includes assessment and implementation of recognized and acknowledged acceptable forms and reports.

**CONCLUSION.** The foregoing constitutes the Official Response of the Town related to Town Council matters specifically referenced in the Supplemental Compliance Report.

## **POLICE DEPARTMENT**

### **Examination Results and Comments.**

**Moving Traffic Violations.** The Town acknowledges the comments for Moving Traffic Violations in the Supplemental Compliance Report. With regard to Moving Violations, the Town disagrees that it is in non-compliance with the Indiana Code pertaining to Traffic Violations and a Traffic Violations process. However, recognizing the comment made, full supplemental review evaluation and analysis is in process by the Town Attorney. Further update will follow and be provided upon completion of same. The Town is in compliance with the provisions of the Indiana Code for Traffic Violation Deferral Program and its requisite procedures. The Town Attorney, as Attorney for the Town of St. John, a Municipal Corporation, processes said program for deferring actions involving moving traffic violators by compliance with the provisions of I.C. §34-28-5-1(h). The interpretation of payment to the Clerk of the Court for the St. John Program is that payment is made to the Clerk of the Court by Money Order instrument and tendered with executed Deferral Program Agreement through the Office of the Town Clerk-Treasurer to the Town Attorney Office. Then, the Town Attorney Office counter-signs the Deferral Agreement with the qualified moving traffic violator and simultaneously thereafter files the Counter-signed Agreement and payment in one (1) package to the Clerk of the Court for processing. Each of the Office of the Town Attorney, Clerk of the Lake Superior Court, County Division, and jurisdictional Court of Record have concurred in this process. The Town believes and is of the position that it has complied with applicable law in this Moving Traffic Violation Deferral Program activity.

**Animal Control Fees.** The Town acknowledges the review comment in the Supplemental Compliance Report under the Town Police Department for Animal Control Fees, but respectfully objects to its accuracy. Town Ordinance No. 1633, adopted September 22, 2016, adopted a replacement **SECTION THIRTEEN** for said Town Animal Control Regulations Ordinance No. 1466, establishing an adoption fee for the adoption of a dog or cat in the amount of Two Hundred Dollars (\$200.00). A copy of said Town Ordinance No. 1633 is enclosed herewith and marked Exhibit "C".

**CONCLUSION.** The foregoing constitutes the Town Official Response to the Supplemental Compliance Report pertaining to the Town Police Department. The matters pertaining to Moving Traffic Violations will be the subject of further review, analysis and adjustment, if legally required.

## **EMERGENCY MANAGEMENT DEPARTMENT**

### **Examination Results and Comments**

**Computer Software For Emergency Medical Services Billing and Collections.** The Town acknowledges the comments pertaining to the Town Emergency Medical Services Billings and Collections. The constructive comments are substantive and noted. It has been concluded that deficiencies and issues occurring from current

procedures and software are directly the result of outdated and inadequate software, applications, and programming. The Town is in process of reviewing and analyzing current and foreseeable needs for replacement and upgrade of the hardware and software currently in use. With such should come the corrections appropriate and required consistent with the comments made in this Supplemental Compliance Report.

**CONCLUSION.** The foregoing Official Response comments are self-explanatory. The Town is committed to modern, efficient, and quality computer equipment and software for its business uses, including Emergency Medical Service billing functions.

## **PARK DEPARTMENT**

### **Examination Results and Comments.**

**Park Department Fees.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Town Park Department Fees. First, with regard to Shelter Rental Agreements and same not being retained for examination for 2014 and 2015, it is unknown what occurred to the records. The Town acknowledges that a number of records have been misplaced, lost, or removed from the Town Clerk-Treasurer's Office during the term of Office of Sherry P. Sury, ending December 31, 2015. Apparently, you were unable to review Shelter Rental Agreements for 2014 and 2015, during the term of Office of Ms. Sury, who was responsible for permanent recordkeeping. The Town is likewise unable to answer or respond to review inquiry on Shelter Rentals for the period in question. The Town is further unaware of any official action taken by former Clerk-Treasurer Sury to legally destroy public documents, including Park Rental Shelter Agreements. The position of the Town is that such recordkeeping was and is the responsibility of the seated Clerk-Treasurer. For period of time of the audit examination, and the specific years in question, that would be Ms. Sury. The current Clerk-Treasurer has established internal controls, modern recordkeeping processes, and protocols for internal procedures on same.

With regard to fees charged by the Town Park Department, such Ordinances establishing fees have existed for a number of years. On May 11, 1992, the then-Town Council adopted Park and Recreation Fee Ordinance No. 890. This Ordinance was thereafter amended and updated by Ordinance 1029 on December 26, 1996, Ordinance No. 1084 on November 23, 1998, Ordinance No. 1113 on the 25th day of March, 1999, Ordinance No. 1154 on February 24, 2000, Ordinance No. 1170 on April 27, 2000, Ordinance No. 1364 on October 21, 2004, and Ordinance No. 1488 on March 19, 2009. Please note that these Ordinances, including the latest Ordinance No. 1488 pertaining to Fee Schedule for Park and Recreation Department Activities, have remained in full force, and establish fees for use of Parks. The Town position is that it has the requisite Ordinances for charging and collecting fees as required by applicable law. A copy of said Ordinances are attached hereto as Group Exhibit "D".

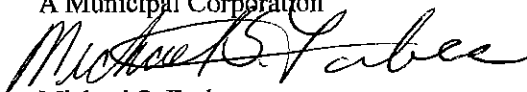
**CONCLUSION.** The foregoing represents the position of the Town of St. John that it has complied with law and requisite requirements on Fee Establishment. Town Officials are unable to answer as to the status of Park Shelter Rental Agreements not located in 2014 and 2015. If located, and uncovered, same will be provided.

**CONCLUSION**

The foregoing constitutes the Official Response position of the Town of St. John, Lake County, Indiana, a Municipal Corporation, to the Financial Statements-Examination Report of the Town by the Indiana State Board of Accounts for the period of January 1, 2012, to December 31, 2015. It is our understanding that the Financial Examination Report, Supplemental Compliance Report, and Town Official Response, including that of former Clerk-Treasurer Sury, if any she makes, and the Town Attorney Litigation Opinion will be processed and made public on or after March 17, 2017.

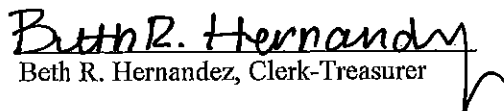
Very truly yours,

TOWN OF ST. JOHN,  
LAKE COUNTY, INDIANA,  
A Municipal Corporation



By: Michael S. Forbes,  
Town Council President

ATTEST:

  
Beth R. Hernandez, Clerk-Treasurer

Enclosures: Exhibits, as noted.

*The Official Response from the Town of St. John Town Council President also included Exhibits labeled A to D which are not included in this Report. These exhibits are available upon request made to the Indiana State Board of Accounts.*

CLERK-TREASURER  
TOWN OF ST. JOHN  
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2017, with Sherry Sury, former Clerk-Treasurer; Beth Hernandez, Clerk-Treasurer; Stephen Kil, Town Manager; David M. Austgen, Town Attorney; and Michael Forbes, President of the Town Council.

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TOWN COUNCIL  
TOWN OF ST. JOHN

TOWN COUNCIL  
TOWN OF ST. JOHN  
EXAMINATION RESULTS AND COMMENTS

**TRASH AND RECYCLING SERVICES**

The Town had a contract renewal for trash and recycling pickup services for the period of May 7, 2007 to April 30, 2014. Per the minutes of the Town Council meeting and after negotiating with the vendor, the contract was renewed again on September 26, 2013, extending the service period through April 30, 2018. The original contract could not be located for examination; thus, evidence of a commonly accepted index or formula as set forth in the contract was not available for examination, or documented as part of the negotiation with the vendor. The vendor was paid \$1,065,542 in 2015.

Indiana Code 5-22-17-4(a) states:

"A contract that contains a provision for escalation of the price of the contract may be renewed under this section if the price escalation is computed using:

- (1) a commonly accepted index named in the contract; or
- (2) a formula set forth in the contract."

Indiana Code 36-9-30-5(d) states:

"If a contract executed under subsection (a) or (b) will yield a gross revenue to a contractor (other than a governmental entity) of at least twenty-five thousand dollars (\$25,000) during the time it is in effect, then the unit must comply with IC 36-1-12-4 in awarding the contract. The unit shall require the bidder to submit a financial statement, a statement of experience, the bidder's proposed plan or plans for performing the contract, and the equipment that the bidder has available for the performance of the contract. The statement shall be submitted on forms prescribed by the state board of accounts. IC 36-1-12-4(b)(6) does not apply to this subsection."

**TEMPORARY LOANS**

*Loans between Governmental Funds*

Temporary loans totaling \$700,000 were made in April 2014 from the Cumulative Sewer fund to the Health Claims fund in the amount of \$440,000 and to the Emp Benefit Admin Fee fund in the amount of \$260,000. The loans had not been repaid as of August 22, 2016.

Indiana Code 36-1-8-4(a) states in part:

"The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow Indiana Code 2015 purposes from another fund of the political subdivision if all these conditions are met: . . .

- (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. . . ."



TOWN COUNCIL  
TOWN OF ST. JOHN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

*Loan from Wastewater Utility Fund*

In July 2007, both the Town Council and Sanitary District Commissioners approved resolutions authorizing a \$1,500,000 temporary loan from the Wastewater WWTP Expense fund to the SJ 05 Town Project fund to be repaid by December 31, 2007. After a partial repayment of \$300,000 was made by December 31, 2007, the Town Council and Sanitary Commissioners approved resolutions authorizing an extension of the term of the loan and prepared a "Demand Promissory Note," with the imposition of interest on the loan at a rate of 5 percent per year. In 2008, 2010, and 2011, the Town repaid principal of \$918,849, which left a principal balance due of \$581,151.

On May 24, 2012, the Town Council approved Resolution 12-05-24B, which renewed the borrowing from the Wastewater WWTP Expense fund for the outstanding principal balance. The term of the loan was renewed for four years from the date of the resolution; thus, the due date of the loan was May 24, 2016. This resolution also included the imposition of interest on the loan at the rate of 5 percent per year.

The Cities and Towns Bulletin and Uniform Compliance Guidelines, March 2008, states:

IC 8-1.5-3-12 states that a municipality may, by ordinance of its legislative body, borrow money from a water, gas, or electric utility owned by the municipality for current purposes in anticipation of taxes levied and to be collected during the current or following year.

The board may by resolution lend money to the municipality if the water, gas or electric utility has on hand:

- (1) A surplus of cash exceeding by at least the amount the sum of all amounts required to pay the indebtedness of the utility falling due during the current calendar year and following year;
- (2) The amount necessary to meet current expenses during the year; and
- (3) The amount necessary to pay for improvements contemplated to be made during the current calendar year minus the estimated receipts during the calendar year.

A loan may not be made for the sum in excess of fifty percent (50%) of the amount estimated to be collected from anticipated taxes. The loan:

- (1) Must be evidenced by an obligation of the municipality;
- (2) Must be signed by the executive;
- (3) Is due on or before thirty (30) days after the last day of the payment of anticipated taxes; and
- (4) May bear interest at any rate as determined by the board, payable at maturity.

We recommend that when loans are made from a municipal wastewater (sewage) utility to a municipality, the aforementioned procedures be followed. However, since there are no statutory guidelines included in IC 36-9-23 for such loans, other loan provisions would be acceptable as set out in home rule ordinance adopted under IC 36-1-3.

TOWN COUNCIL  
TOWN OF ST. JOHN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**ORDINANCE VIOLATIONS**

The Town Council adopted two ordinances, Zoning Ordinance 1483 and Storm Drainage Control Ordinance 1432, which addressed fines and penalties as ranges with minimums and maximums; however, they did not address who or what department was responsible for determining the fine or penalty charged and how the fine was determined.

Ordinance violation fees have been adopted for some violations with penalties exceeding \$250. Fines for violations of these ordinances were paid at the Clerk-Treasurer's office as the Town's ordinance violations clerk. However, the Indiana Code limits the collections that can be accepted for civil penalties by an ordinance violations clerk at \$250.

Fees can only be collected as specifically authorized by law 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)

Indiana Code 33-36-2-2 states: "If the legislative body does not establish an ordinance violations bureau under section 1 of this chapter, the clerk or clerk-treasurer of the municipal corporation is designated the violations clerk for purposes of this chapter."

Indiana Code 33-36-2-3 states in part:

"The violations clerk may accept: . . .

- (4) payment of civil penalties up to a specific dollar amount set forth in an ordinance adopted by the legislative body, but not more than two hundred fifty dollars (\$250);

in ordinance violation cases, subject to the schedule prescribed under IC 33-36-3 by the legislative body."

Indiana Code 33-36-3-1(a) states:

"Upon the appointment or designation of the violations clerk as provided by IC 33-36-2-1, the legislative body shall designate, by ordinance or code, a schedule of ordinance and code provisions of the municipal corporation that are subject to admission of violation before the violations clerk and the amount of civil penalty to be assessed to a violator who elects to admit a violation under this chapter."

**VACATION PAY**

In 2015, seven employees retired to take advantage of the Special Early Retirement Incentive Program per Ordinance 1609 (Ordinance). In accordance with the Ordinance, the employees had to retire by December 31, 2015. In addition to the early retirement incentive, each of the employees was paid prorated 2016 vacation leave. Furthermore, one employee who terminated employment with the Town in 2015 was also paid prorated 2016 vacation leave.

The personnel policies adopted by the Town Council for Town and Police Department employees did not clearly provide authority to pay vacation leave which had not yet been accrued.

TOWN COUNCIL  
TOWN OF ST. JOHN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The Town's personnel policy for vacation leave stated:

"Vacation . . . shall not be accumulated from year to year. . . .When an employee who has unused vacation leave to his credit is separated from department service, full pay for the amount of such vacation will be allowed."

The St. John Police Department General Order issued on January 1, 1997, stated:

"A full-time salaried employee becomes eligible for vacation after completing one (1) year of employment. The vacation year is the calendar year. Your vacation entitlement, during the calendar year you have your one (1) year anniversary, will be in accordance . . ."

Similar comments have appeared in prior examination reports.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual, Cities and Towns, Chapter 1)

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)

## **PAYROLL**

### *Compensatory Time*

Compensatory leave was not accounted for on the employee's service record as Council required of each department head. Tests of leaves earned, used, and remaining balances indicated discrepancies and errors were made on six employees tested in 2014. The Clerk-Treasurer examined the records for 2015, noting several discrepancies which were subsequently corrected by the department heads.

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

The Federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employees' Service Record

General Form 99B, Employee's Earnings Record

General Form 99C, Employee's Weekly Earnings Record

TOWN COUNCIL  
TOWN OF ST. JOHN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**Office of the  
Town Council**



**Michael S. Forbes  
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**STATE OF INDIANA  
STATE BOARD OF ACCOUNTS**

**FINANCIAL STATEMENTS  
EXAMINATION REPORT OF THE  
TOWN OF ST. JOHN, LAKE COUNTY, INDIANA**

**(For the Period from January 1, 2012, to December 31, 2015)**

**SUPPLEMENTAL COMPLIANCE REPORT  
AND  
TOWN OFFICIAL RESPONSE**

**INTRODUCTION**

The Town of St. John, Lake County, Indiana, is a unit of Local Government in Lake County, Indiana, subject to the review and examination responsibilities and jurisdiction of the Indiana State Board of Accounts. The Financial Statement Examination Report of the Town of St. John, Lake County, Indiana, for the period from January 1, 2012 to December 31, 2015, commenced on or about March 16, 2016. The Field Examiner assigned communicated with the Town Administrative Staff and Clerk-Treasurer from the Entrance Conference to and through the January 31, 2017, Exit Conference.

Based upon scheduling and coordination instructions of said State Board of Accounts Field Examiner, the Exit Conference was scheduled and conducted January 31, 2017, for the review of the Supplemental Compliance Report supplementing the Financial Statements Examination Report mentioned aforesaid. The attendees at the Exit Conference of January 31, 2017, are identified by name and signature on Page 5 of 5 of the Exit Conference Acknowledgement Form 8. As represented by said Field Examiner in said Exit Conference, an Official Response may be made by the Town of St. John, Lake County, Indiana. This document, and information contained herein, shall serve as that Official Response.

Additional Exit Conference documentation, namely, review acknowledgment of Exit Conference with Field Examiner, and Verification that this Official Response would be made was executed by attendees at said conference. It should be noted that on Page 7 of said documentation, the name and signature of former Clerk-Treasurer of the Town of St. John, Lake County, Indiana, Sherry Sury, is appended. It is the understanding of the Town of St. John that a separate and stand-alone response of the former Clerk-Treasurer will occur, but under separate cover.

Finally, for introduction purposes, it should be noted that for the time period for the Audit examination by the State Board of Accounts, the duly elected Town Clerk-Treasurer was Sherry P. Sury. By consequence of the General Election in November, 2015, the current Clerk-Treasurer, Beth R. Hernandez, was elected to the Office and Position. Sherry P. Sury was the Clerk-Treasurer for three (3) terms of Office, ending December 31, 2015, which is coterminous with the ending date of this Audit Examination. As a consequence, all matters addressed herein will be attributed to

the conduct and performance, or non-performance, of the former Clerk-Treasurer, as will be enumerated specifically hereinafter.

The balance of the response hereto will provide the Town Response to the Supplemental Compliance Report in the order of the Table of Contents on page 2 of said Supplemental Compliance Report. Said Official Response will follow immediately hereinafter.

## **CLERK-TREASURER**

### **Examination Results and Comments:**

This section of Official Response will briefly repeat the aforementioned, namely, that Sherry P. Sury was the elected Clerk-Treasurer of the Town of St. John for three (3) full four (4) year terms, after an initial partial term of one (1) year, in 2003, following resignation of her predecessor Clerk-Treasurer, Judith L. Companik, who departed the position to undertake government service employment in the Office of the Lake County Auditor. Ms. Sury served continuously except for a period of time in late 2014 and early 2015 when under Court Orders in a Lawsuit she commenced against the Town Council of the Town, she was restricted in her duties and responsibilities for the continuation of the functions of the Office. However, upon medical release, Court Orders of limitation were withdrawn by the Trial Court. The cause of action is Sherry P. Sury, Clerk-Treasurer, vs. Michael S. Forbes, Town Council of the Town of St. John, et al., which was docketed under Lake Superior Court Cause No. 45D10-1311-PL-00120. It should be noted that this Lawsuit proceeding was commenced by Ms. Sury in 2013, and maintained through the end of her term of Office December 31, 2015. Successor Clerk-Treasurer Beth R. Hernandez thereafter immediately stipulated with the Town Council to dismissal of the lawsuit proceeding in early February, 2016. Please note this lawsuit circumstance in the Attorney Litigation Opinion Letter supplemental to the Examination Report for this Audit Examination.

The Supplemental Complaint Report reflects ten (10) substantive areas of review and report pertaining to the Clerk-Treasurer. For general response purposes, Town Officials acknowledge the report made by the Field Examiner and Staff regarding the Office of the Clerk-Treasurer. The following should be noted as relevant and critical to the Official Response hereto, and specifically pertaining to the following, namely:

- All ten (10) review areas in the Supplemental Compliance Report, namely:
  - Penalties and Interest
  - Clerk-Treasurer Vacation Pay
  - Bank Account Reconciliations
  - Self-Insurance Funds
  - Reported Utility Collections
  - Overdrawn Cash and Investment Balances
  - Utility Receipts Tax
  - Distribution of Salaries and Wages
  - Payroll
  - Credit Cards

were matters entirely in the control and authority of the Town Clerk-Treasurer

- As all such matters were under the exclusive and sole control and jurisdiction of management, oversight and responsibility by the Town Clerk-Treasurer, neither the Town Council nor Administrative Staff had any knowledge of said issues;
- The matters addressed in each of these areas were essentially basic duties and responsibilities, as well as fund management. These duties and responsibilities were the minimum basics for an official holding such position;
- The totality of the issues and non-compliance items reported reflect an apparent lack of skill, knowledge, and ability. This is unacceptable fiscal and record keeping fiduciary effort, and particularly for a Clerk-Treasurer such as Ms. Sury who had, at taxpayer expense, sought and was issued accreditation credentials, in addition to participating in the minimum attendance responsibilities with the Office of the State Board of Accounts and other State Agencies;

- The totality of conditions reported in non-compliance reflect complete lack of establishment or implementation of internal controls;
- There is an apparent failure of the Clerk-Treasurer to conduct proper transfer and account balance functions, which should be deemed basic fiscal officer fiduciary responsibility;
- The Clerk-Treasurer failed or declined to communicate any issues or non-compliance circumstances to the Town Administrative Staff or Town Council;
- The Clerk-Treasurer reportedly declined to communicate with the Town's Financial Advisors on matters of fiscal controls or issues, including the Town Financial Advisors at H.J. Umbaugh and Associates, and later at Cender & Company;
- Notwithstanding continuing and regular mandatory education, training, and instruction at Clerk conferences, educational seminars, and the like, no internal controls and processes seem to exist;
- With the circumstances identified by the Supplemental Compliance Report, and assessment of the totality of these circumstances, it can be fairly concluded that the dereliction in fulfillment of duties and responsibilities by the Clerk-Treasurer constituted, minimally, gross negligence, and in worse case, more drastic problems.

The circumstances identified and reported, while surprising and embarrassing, have caused an exhaustive review assessment by the current Clerk-Treasurer and her Staff, as well as Town Officials, to address each reported item, identify issues to remedy, and cause compliance. These matters will be identified specifically hereinafter with each of the ten (10) subject areas under Clerk-Treasurer reported in said Supplemental Compliance Report.

### OFFICIAL RESPONSE

**Penalties and Interest.** The Town acknowledges the comments herein. It is the position of the Town that Penalties and Interest matters as reported herein are the entire responsibility of former Clerk-Treasurer Sury. It should be noted that the Town salvaged penalty and interest liabilities on a previous event of negligence or non-compliance by the Clerk-Treasurer through negotiation with the Internal Revenue Service, but that no such waiver relief was available in this latest reported instance, notwithstanding efforts by the current Clerk-Treasurer, Beth R. Hernandez, seeking same. The IRS denied subsequent relief, leaving penalties and interest remaining owing. We understand that Ms. Sury tendered payment in full of penalties and interest owing in the amount of \$2,780.58 on or about February 16, 2017. This should be self-explanatory with the reimbursement payment made.

**Clerk-Treasurer Vacation Pay.** There is full acknowledgement of the comment items herein. As with the previous Penalties and Interest report item, the former Clerk-Treasurer had been included in the Town Salary Ordinance for compensation benefits. However, recordkeeping was completely in the control and custody of the Clerk-Treasurer, with no control in the Town. Ms. Sury controlled payroll and payment of salary and benefits, and notwithstanding her not keeping employee attendance records, payroll was processed, including for herself, each seemingly in non-compliance with applicable law. With regard to her own vacation leave payment not supported by timesheets or employee services records, Ms. Sury repaid on February 16, 2017, the amount of \$6,426.71, as referenced in the Supplemental Compliance report. This reimbursement has been acknowledged and processed by current Clerk-Treasurer Beth R. Hernandez. It should further be noted that current and appropriate internal controls and procedures and record documentation processes are implemented by the current Clerk-Treasurer to support compensation to Town employees and officials.

**Bank Account Reconciliations.** The Town acknowledges the Supplemental Compliance Report information on this matter. These matters were entirely in the control and responsibility of the previous Clerk-Treasurer, Ms. Sury. She apparently failed to comply with the requirements to account and reconcile, which are the most basic of Clerk-Treasurer duties and responsibilities. The Town had no knowledge of these circumstances or issues, which were solely in the control of the Clerk-Treasurer. This significant circumstance reflects an astonishing apparent lack of knowledge and skill for holding the Clerk-Treasurer Office, reflects no internal controls being present, and further reflects a waste of taxpayer funds and time for education, information, and training provided to said Clerk-Treasurer. It should be noted that these matters are under the direct supervision of the current Clerk-Treasurer who has implemented current and appropriate internal controls and procedures for compliance. The conditions reported reflect at best, gross negligence and dereliction by the previous Clerk-Treasurer, or at worse, more significant issues.

**Self-Insurance Funds.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance, including substantial understating and overstating of balances, non-recording of transfers, and various adjustments. The Town acknowledges these comments and repeats herein its same comments as referenced above for Bank Account Reconciliations. Again, the current Clerk-Treasurer has addressed these matters by direct responsibility of the oversight of the functions, establishment of internal controls related to same, and staff training.

**Reported Utility Collections.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance on these utility collections referenced. As is repeatedly identified, the unreconciled reports and receipts are acknowledged. Such information was not known to Town Officials outside the Clerk-Treasurer. These matters were completely in the Control of said Clerk-Treasurer and would be considered a basic duty and responsibility. There is apparent lack of knowledge, internal controls, and management oversight on these matters, and a significant conclusion can be drawn that the Clerk-Treasurer did not have the knowledge or skill set requisite for the responsibilities. Again, in context of the totality of circumstances, these matters can be considered at best, gross negligence, and at worse, much more. This is especially true when it is known that the Clerk-Treasurer declined to communicate with Town Financial Advisors available for purposes of assisting on these matters. The new Clerk-Treasurer has addressed these matters, established procedures and internal controls, and supervises her staff. Further, she has utilized accessibility to the Town Financial Advisors. This matter is and has been addressed going forward.

**Overdrawn Cash and Investment Balances.** The Town acknowledges these Supplemental Compliance Report matters of Non-Compliance. All previous comments regarding the handling of same by the former Town Clerk-Treasurer apply here and should be incorporated. The current Clerk-Treasurer has undertaken all necessary actions to identify deficiencies, establish procedures and internal controls, and correct the areas of non-compliance. The former Clerk-Treasurer should be entirely responsible for, at best gross negligence, and at worse, much more.

**Utility Receipts Tax.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance herein. Reference to neglect by the previous Clerk-Treasurer is made, and acknowledged. All comments on previous sections of the Supplemental Response should be noted and incorporated herein. The current Clerk-Treasurer has likewise acknowledged the report of non-compliance, has reviewed the law, and has undertaken establishment of policies and internal controls for addressing same. Further, the current Clerk-Treasurer will utilize the services of the Town Financial Advisors as well as a specialty educated and trained CPA employee in her Office for such purposes going forward. The actions of the previous Clerk-Treasurer stand described for Official Response purposes as stated.

**Distribution of Salaries and Wages.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance regarding Salaries and Wages. The Annual Town Salary Ordinance has, to the best of the knowledge of Town Officials, been in compliance with the applicable law specified in said Supplemental Compliance Report. The identification of amount of compensation, and source of same, is specified. Notwithstanding same, acknowledgement of the comment is made, and further review assessment will be undertaken.

**Payroll-Payroll Claims and Approvals.** The Town acknowledges the comments contained in the Supplemental Compliance Report sub-section herein. All aspects of lack of knowledge by the Town Administrative and Town Council Offices is repeated herein as is report of exclusive jurisdiction and control in the past Clerk-Treasurer, Ms. Sury. It is further acknowledged that procedures are required to be established for compliance with payroll record keeping and payment. The current Clerk-Treasurer, Beth R. Hernandez, has undertaken said controls, established procedures, and is proceeding in compliance with applicable requirements. The lack of controls, compliance and procedure responsibility on the part of the past Clerk-Treasurer is, again, at best, gross negligence, and at worse, more.

**Information Technology Controls.** This sub-section of the Report topic on Payroll is acknowledged. All the same previous comments regarding circumstances of handling and jurisdictional responsibility by the previous Clerk-Treasurer are repeated herein and incorporated. It should be noted that as a priority matter, procedures and technology are in place for each user to have a unique User ID and Password, which is not to be shared. This is to conform to the requirements of Chapter 7 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns referenced going forward.

**Credit Cards.** The Town acknowledges the comments for Credit Cards in the Supplemental Compliance Report. It is unclear how the controls for credit card usage were not maintained, but all previous comments regarding the handling of basic administrative matters by the previous Clerk-Treasurer of the Town, Ms. Sury, are instructive,



and incorporated herein by reference. As a consequence of this comment, and information provided, the Town Attorney is currently reviewing the current Town Credit Card Usage Regulations Ordinance and preparing draft regulations by Amendatory Ordinance for consideration by the Town Council and to address the supplemental compliance report comments herein. The Town Council will have this matter before it shortly for review consideration and adoption.

**CONCLUSION.** The foregoing, and totality, improperly reflects lack of institutional control upon all Officials and representatives of the Town of St. John other than the past Clerk-Treasurer, Sherry P. Sury. Unfortunately, the performance and demeanor of the past Clerk-Treasurer resulted in a “bunker mentality” for handling the business of the people of St. John, incoherent communication, and resultant gross negligent duty performance by that Official. The matters identified in said Supplemental Compliance Report to the Examination Report for the period January 1, 2012, to December 31, 2015, are, in all matters, either already addressed and remedied, or in process of same.

## **TOWN COUNCIL**

### **Examination Results and Comments:**

**Trash and Recycling Services.** The Town acknowledges the comments made in the Supplemental Compliance Report regarding the within matter. It was confusing to the Town that the original Contract could not be located for examination. It is the position of the Town that lawful compliance occurred regarding its Contracts for Trash and Recycling pick up services, and that accurate documentation compliant with applicable law was processed in public meeting approval actions. For this response, enclosed please find the following, namely:

- May 9, 2007, approved Contract for Collection of Refuse and Recyclables by the Town with Allied Waste Services;
- First Amendment to Contract for Collection for Refuse and Recyclables by Town with Republic Services, Inc., by merger with Allied Waste Services dated May 27, 2010;
- Second Amendment to Contract for Collection of Refuse and Recyclables by the Town with Republic Services, Inc., by merger with Allied Waste Services dated September 26, 2013; and
- Ordinance No. 1482 of the Town Establishing a Garbage Collection Fee and Regulations Pertaining to the Collection and Disposal of Refuse, Garbage and Recyclables in the Town.

The Town has noted the comments made, and in furtherance of continuing compliance with applicable law, will not renew the subject latest Contract without first undertaking a public bidding process with all bidding requirements as set forth by applicable law to be included. The aforementioned legal documents will be appended hereto as Exhibit “A”.

**Temporary Loans.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Temporary Loans. Notwithstanding said comment, the Town, by action of the Town Council has, by public meeting approval of inter-fund loan repayment forgiveness Resolutions, acted to forgive outstanding loan balance amounts, inclusive of the amount of \$700,000.00 to Cumulative Sewer Fund, and \$581,151.42 to Expansion Fund. A copy of Town Resolution No. 2016-12-15 is enclosed herewith. It is not noted in the supplemental Compliance Report comments of the State Board of Accounts that said Resolution has been made. Please also note that this Resolution was approved by the St. John Town Council in its public meeting of December 15, 2016. The referenced Resolution is attached as Exhibit “B”.

**Ordinance Violations.** The Town acknowledges the comments pertaining to Ordinance Violations under the Town Council section of the Supplemental Compliance Report. The lack of clarity identified is likewise acknowledged. It is unknown how the improper penalty recordation for a Water System Charge ended up being deposited in the General Fund, rather than the Waterworks General Fund, or Water Operating Fund, but those actions and determinations were made by the past Clerk-Treasurer, Sherry P. Sury, whose extensive discovered and identified list of processing deficiencies and non-performance, and all related consequences are already substantially documented hereinabove.

With regard to addressing details of fines and penalties for non-compliance with Town Ordinances, the Town acknowledges the necessity of full review and assessment of same, updating of Ordinances connected therewith, and

confirming the authorities of the Clerk-Treasurer related to civil penalties. Further, the Town will further examine and investigate the status of the Ordinance Violations Bureau documentation and Court Order. These are records that are missing, which were under the recordkeeping authority and jurisdiction of the past Clerk-Treasurer, Sherry Sury. The Town cannot locate a number of relevant public records and documents that it has relied upon for many years, and all during the term of Office of Ms. Sury. A total review and analysis for updating the referenced Ordinances herein is in process.

**Vacation Pay.** The Town acknowledges the comments made in this section of the Supplemental Compliance Report for the Town Council. The Town Personnel Policy Manual is in review for revision and replacement by the Town Attorney. The matters presented in the Supplemental Compliance Report on this matter will be addressed.

**Payroll.** The Town acknowledges the comments for payroll under the Town Council Section of the Supplemental Compliance Report. Please note that the current Clerk-Treasurer has adjusted recordkeeping to conform to the audit comments, consistent with the modernization of the Office of the Clerk-Treasurer and its duties, responsibilities and functions. This update includes assessment and implementation of recognized and acknowledged acceptable forms and reports.

**CONCLUSION.** The foregoing constitutes the Official Response of the Town related to Town Council matters specifically referenced in the Supplemental Compliance Report.

## **POLICE DEPARTMENT**

### **Examination Results and Comments.**

**Moving Traffic Violations.** The Town acknowledges the comments for Moving Traffic Violations in the Supplemental Compliance Report. With regard to Moving Violations, the Town disagrees that it is in non-compliance with the Indiana Code pertaining to Traffic Violations and a Traffic Violations process. However, recognizing the comment made, full supplemental review evaluation and analysis is in process by the Town Attorney. Further update will follow and be provided upon completion of same. The Town is in compliance with the provisions of the Indiana Code for Traffic Violation Deferral Program and its requisite procedures. The Town Attorney, as Attorney for the Town of St. John, a Municipal Corporation, processes said program for deferring actions involving moving traffic violators by compliance with the provisions of I.C. §34-28-5-1(h). The interpretation of payment to the Clerk of the Court for the St. John Program is that payment is made to the Clerk of the Court by Money Order instrument and tendered with executed Deferral Program Agreement through the Office of the Town Clerk-Treasurer to the Town Attorney Office. Then, the Town Attorney Office counter-signs the Deferral Agreement with the qualified moving traffic violator and simultaneously thereafter files the Counter-signed Agreement and payment in one (1) package to the Clerk of the Court for processing. Each of the Office of the Town Attorney, Clerk of the Lake Superior Court, County Division, and jurisdictional Court of Record have concurred in this process. The Town believes and is of the position that it has complied with applicable law in this Moving Traffic Violation Deferral Program activity.

**Animal Control Fees.** The Town acknowledges the review comment in the Supplemental Compliance Report under the Town Police Department for Animal Control Fees, but respectfully objects to its accuracy. Town Ordinance No. 1633, adopted September 22, 2016, adopted a replacement **SECTION THIRTEEN** for said Town Animal Control Regulations Ordinance No. 1466, establishing an adoption fee for the adoption of a dog or cat in the amount of Two Hundred Dollars (\$200.00). A copy of said Town Ordinance No. 1633 is enclosed herewith and marked Exhibit "C".

**CONCLUSION.** The foregoing constitutes the Town Official Response to the Supplemental Compliance Report pertaining to the Town Police Department. The matters pertaining to Moving Traffic Violations will be the subject of further review, analysis and adjustment, if legally required.

## **EMERGENCY MANAGEMENT DEPARTMENT**

### **Examination Results and Comments**

**Computer Software For Emergency Medical Services Billing and Collections.** The Town acknowledges the comments pertaining to the Town Emergency Medical Services Billings and Collections. The constructive comments are substantive and noted. It has been concluded that deficiencies and issues occurring from current

procedures and software are directly the result of outdated and inadequate software, applications, and programming. The Town is in process of reviewing and analyzing current and foreseeable needs for replacement and upgrade of the hardware and software currently in use. With such should come the corrections appropriate and required consistent with the comments made in this Supplemental Compliance Report.

**CONCLUSION.** The foregoing Official Response comments are self-explanatory. The Town is committed to modern, efficient, and quality computer equipment and software for its business uses, including Emergency Medical Service billing functions.

## **PARK DEPARTMENT**

### **Examination Results and Comments.**

**Park Department Fees.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Town Park Department Fees. First, with regard to Shelter Rental Agreements and same not being retained for examination for 2014 and 2015, it is unknown what occurred to the records. The Town acknowledges that a number of records have been misplaced, lost, or removed from the Town Clerk-Treasurer's Office during the term of Office of Sherry P. Sury, ending December 31, 2015. Apparently, you were unable to review Shelter Rental Agreements for 2014 and 2015, during the term of Office of Ms. Sury, who was responsible for permanent recordkeeping. The Town is likewise unable to answer or respond to review inquiry on Shelter Rentals for the period in question. The Town is further unaware of any official action taken by former Clerk-Treasurer Sury to legally destroy public documents, including Park Rental Shelter Agreements. The position of the Town is that such recordkeeping was and is the responsibility of the seated Clerk-Treasurer. For period of time of the audit examination, and the specific years in question, that would be Ms. Sury. The current Clerk-Treasurer has established internal controls, modern recordkeeping processes, and protocols for internal procedures on same.

With regard to fees charged by the Town Park Department, such Ordinances establishing fees have existed for a number of years. On May 11, 1992, the then-Town Council adopted Park and Recreation Fee Ordinance No. 890. This Ordinance was thereafter amended and updated by Ordinance 1029 on December 26, 1996, Ordinance No. 1084 on November 23, 1998, Ordinance No. 1113 on the 25th day of March, 1999, Ordinance No. 1154 on February 24, 2000, Ordinance No. 1170 on April 27, 2000, Ordinance No. 1364 on October 21, 2004, and Ordinance No. 1488 on March 19, 2009. Please note that these Ordinances, including the latest Ordinance No. 1488 pertaining to Fee Schedule for Park and Recreation Department Activities, have remained in full force, and establish fees for use of Parks. The Town position is that it has the requisite Ordinances for charging and collecting fees as required by applicable law. A copy of said Ordinances are attached hereto as Group Exhibit "D".

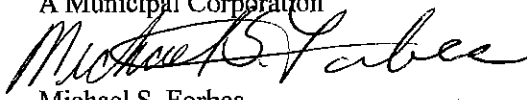
**CONCLUSION.** The foregoing represents the position of the Town of St. John that it has complied with law and requisite requirements on Fee Establishment. Town Officials are unable to answer as to the status of Park Shelter Rental Agreements not located in 2014 and 2015. If located, and uncovered, same will be provided.

**CONCLUSION**

The foregoing constitutes the Official Response position of the Town of St. John, Lake County, Indiana, a Municipal Corporation, to the Financial Statements-Examination Report of the Town by the Indiana State Board of Accounts for the period of January 1, 2012, to December 31, 2015. It is our understanding that the Financial Examination Report, Supplemental Compliance Report, and Town Official Response, including that of former Clerk-Treasurer Sury, if any she makes, and the Town Attorney Litigation Opinion will be processed and made public on or after March 17, 2017.

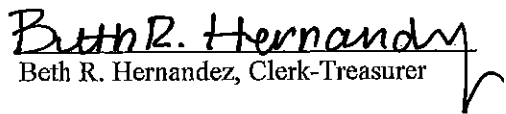
Very truly yours,

TOWN OF ST. JOHN,  
LAKE COUNTY, INDIANA,  
A Municipal Corporation



By: Michael S. Forbes,  
Town Council President

ATTEST:

  
Beth R. Hernandez, Clerk-Treasurer

Enclosures: Exhibits, as noted.

*The Official Response from the Town of St. John Town Council President also included Exhibits labeled A to D which are not included in this Report. These exhibits are available upon request made to the Indiana State Board of Accounts.*

TOWN COUNCIL  
TOWN OF ST. JOHN  
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2017, with Michael Forbes, President of the Town Council; Beth Hernandez, Clerk-Treasurer; Stephen Kil, Town Manager; and David M. Austgen, Town Attorney.

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POLICE DEPARTMENT  
TOWN OF ST. JOHN

POLICE DEPARTMENT  
TOWN OF ST. JOHN  
EXAMINATION RESULTS AND COMMENTS

**MOVING TRAFFIC VIOLATIONS**

*Moving Violations*

In 2004, the Town Council adopted Ordinance 1450 amending Ordinance 511, which was an ordinance for regulating traffic and establishing fines and penalties for violations of traffic regulations in the Town. Under the ordinance, persons cited for violating traffic regulations were to pay penalties and court costs directly to the Town of St. John Clerk-Treasurer. During the period of examination, violators paid tickets for moving traffic violations at either the Clerk-Treasurer's office or the Police Department in the amount of \$180. The totals collected and remitted to the Lake County Clerk of the Circuit Court by year were as follows:

<u>Years</u>	<u>Amount</u>
2012	\$61,560
2013	64,980
2014	58,860
2015	39,240

Unless the Town has been designated as a Traffic Violations Bureau, Ordinance 1450 was not in compliance with the Indiana Code, which requires moving violations to be handled by a court.

Indiana Code 36-1-6-3(c) states: "An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5."

Indiana Code 34-28-5-1 states in part:

". . . (b) An action to enforce a statute defining an infraction shall be brought in the name of the state of Indiana by the prosecuting attorney for the judicial circuit in which the infraction allegedly took place. However, if the infraction allegedly took place on a public highway (as defined in IC 9-25-2-4) that runs on and along a common boundary shared by two (2) or more judicial circuits, a prosecuting attorney for any judicial circuit sharing the common boundary may bring the action.

(c) An action to enforce an ordinance shall be brought in the name of the municipal corporation. The municipal corporation need not prove that it or the ordinance is valid unless validity is controverted by affidavit. . . ."

The accounts of each public official and public office should reflect the proper treatment of fines collected for moving traffic violations as required by Indiana Code § 36-1-6-3(c), Indiana Code Ch. 34-28-5, and this Directive. Failure to do so will result in a civil action against those public officials who are responsible for the improper enforcement and collection of fines for moving traffic violations as allowable by law. (State Examiner Directive 2015-1)



POLICE DEPARTMENT  
TOWN OF ST. JOHN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

*Deferral Program*

In 2007, the Town Council approved Ordinance 1442 establishing a Town Deferral Program, which allowed individuals who had been issued citations for moving traffic violations and met certain criteria as set forth in the ordinance to be eligible to participate in the Deferral Program. Deferral Program participants were required to pay court costs and fees to the Town Police Department. These costs and fees were later remitted to the Lake County Clerk's office.

The moving traffic violators were not directly paying the Clerk of the Court and the actions to enforce the related violations were not in compliance with the Indiana Code, which requires deferral programs to be handled by a court.

Indiana Code 34-28-5-1(h) states in part:

". . . The prosecuting attorney or attorney for a municipal corporation may establish a deferral program for deferring actions brought under this section. Actions may be deferred under this section if:

- (1) the defendant in the action agrees to conditions of a deferral program offered by the prosecuting attorney or the attorney for a municipal corporation;
- (2) the defendant in the action agrees to pay to the clerk of the court an initial user's fees and monthly user's fee set by the prosecuting attorney or attorney for the municipal corporation in accordance with IC 33-37-4-2(e); . . .
- (5) the agreement is filed in the court in which the action is brought . . ."

**ANIMAL CONTROL FEES**

Town Ordinance 1466 established licensing fees, permit fees, impound, and violation fees. Detailed records were not maintained to establish if the correct fees were charged. Furthermore, adoption fees were collected; however, the ordinance did not address an adoption fee.

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)

**Office of the  
Town Council**



**Michael S. Forbes  
Stephen Hastings  
Gregory J. Volk  
Mark Barenie  
Christian Jorgensen**

*St. John Municipal Building  
10955 West 93<sup>rd</sup> Avenue  
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**STATE OF INDIANA  
STATE BOARD OF ACCOUNTS**

**FINANCIAL STATEMENTS  
EXAMINATION REPORT OF THE  
TOWN OF ST. JOHN, LAKE COUNTY, INDIANA**

**(For the Period from January 1, 2012, to December 31, 2015)**

**SUPPLEMENTAL COMPLIANCE REPORT  
AND  
TOWN OFFICIAL RESPONSE**

**INTRODUCTION**

The Town of St. John, Lake County, Indiana, is a unit of Local Government in Lake County, Indiana, subject to the review and examination responsibilities and jurisdiction of the Indiana State Board of Accounts. The Financial Statement Examination Report of the Town of St. John, Lake County, Indiana, for the period from January 1, 2012 to December 31, 2015, commenced on or about March 16, 2016. The Field Examiner assigned communicated with the Town Administrative Staff and Clerk-Treasurer from the Entrance Conference to and through the January 31, 2017, Exit Conference.

Based upon scheduling and coordination instructions of said State Board of Accounts Field Examiner, the Exit Conference was scheduled and conducted January 31, 2017, for the review of the Supplemental Compliance Report supplementing the Financial Statements Examination Report mentioned aforesaid. The attendees at the Exit Conference of January 31, 2017, are identified by name and signature on Page 5 of 5 of the Exit Conference Acknowledgement Form 8. As represented by said Field Examiner in said Exit Conference, an Official Response may be made by the Town of St. John, Lake County, Indiana. This document, and information contained herein, shall serve as that Official Response.

Additional Exit Conference documentation, namely, review acknowledgment of Exit Conference with Field Examiner, and Verification that this Official Response would be made was executed by attendees at said conference. It should be noted that on Page 7 of said documentation, the name and signature of former Clerk-Treasurer of the Town of St. John, Lake County, Indiana, Sherry Sury, is appended. It is the understanding of the Town of St. John that a separate and stand-alone response of the former Clerk-Treasurer will occur, but under separate cover.

Finally, for introduction purposes, it should be noted that for the time period for the Audit examination by the State Board of Accounts, the duly elected Town Clerk-Treasurer was Sherry P. Sury. By consequence of the General Election in November, 2015, the current Clerk-Treasurer, Beth R. Hernandez, was elected to the Office and Position. Sherry P. Sury was the Clerk-Treasurer for three (3) terms of Office, ending December 31, 2015, which is coterminous with the ending date of this Audit Examination. As a consequence, all matters addressed herein will be attributed to

the conduct and performance, or non-performance, of the former Clerk-Treasurer, as will be enumerated specifically hereinafter.

The balance of the response hereto will provide the Town Response to the Supplemental Compliance Report in the order of the Table of Contents on page 2 of said Supplemental Compliance Report. Said Official Response will follow immediately hereinafter.

## **CLERK-TREASURER**

### **Examination Results and Comments:**

This section of Official Response will briefly repeat the aforementioned, namely, that Sherry P. Sury was the elected Clerk-Treasurer of the Town of St. John for three (3) full four (4) year terms, after an initial partial term of one (1) year, in 2003, following resignation of her predecessor Clerk-Treasurer, Judith L. Companik, who departed the position to undertake government service employment in the Office of the Lake County Auditor. Ms. Sury served continuously except for a period of time in late 2014 and early 2015 when under Court Orders in a Lawsuit she commenced against the Town Council of the Town, she was restricted in her duties and responsibilities for the continuation of the functions of the Office. However, upon medical release, Court Orders of limitation were withdrawn by the Trial Court. The cause of action is Sherry P. Sury, Clerk-Treasurer, vs. Michael S. Forbes, Town Council of the Town of St. John, et al., which was docketed under Lake Superior Court Cause No. 45D10-1311-PL-00120. It should be noted that this Lawsuit proceeding was commenced by Ms. Sury in 2013, and maintained through the end of her term of Office December 31, 2015. Successor Clerk-Treasurer Beth R. Hernandez thereafter immediately stipulated with the Town Council to dismissal of the lawsuit proceeding in early February, 2016. Please note this lawsuit circumstance in the Attorney Litigation Opinion Letter supplemental to the Examination Report for this Audit Examination.

The Supplemental Complaint Report reflects ten (10) substantive areas of review and report pertaining to the Clerk-Treasurer. For general response purposes, Town Officials acknowledge the report made by the Field Examiner and Staff regarding the Office of the Clerk-Treasurer. The following should be noted as relevant and critical to the Official Response hereto, and specifically pertaining to the following, namely:

- All ten (10) review areas in the Supplemental Compliance Report, namely:
  - Penalties and Interest
  - Clerk-Treasurer Vacation Pay
  - Bank Account Reconciliations
  - Self-Insurance Funds
  - Reported Utility Collections
  - Overdrawn Cash and Investment Balances
  - Utility Receipts Tax
  - Distribution of Salaries and Wages
  - Payroll
  - Credit Cards

were matters entirely in the control and authority of the Town Clerk-Treasurer

- As all such matters were under the exclusive and sole control and jurisdiction of management, oversight and responsibility by the Town Clerk-Treasurer, neither the Town Council nor Administrative Staff had any knowledge of said issues;
- The matters addressed in each of these areas were essentially basic duties and responsibilities, as well as fund management. These duties and responsibilities were the minimum basics for an official holding such position;
- The totality of the issues and non-compliance items reported reflect an apparent lack of skill, knowledge, and ability. This is unacceptable fiscal and record keeping fiduciary effort, and particularly for a Clerk-Treasurer such as Ms. Sury who had, at taxpayer expense, sought and was issued accreditation credentials, in addition to participating in the minimum attendance responsibilities with the Office of the State Board of Accounts and other State Agencies;

- The totality of conditions reported in non-compliance reflect complete lack of establishment or implementation of internal controls;
- There is an apparent failure of the Clerk-Treasurer to conduct proper transfer and account balance functions, which should be deemed basic fiscal officer fiduciary responsibility;
- The Clerk-Treasurer failed or declined to communicate any issues or non-compliance circumstances to the Town Administrative Staff or Town Council;
- The Clerk-Treasurer reportedly declined to communicate with the Town's Financial Advisors on matters of fiscal controls or issues, including the Town Financial Advisors at H.J. Umbaugh and Associates, and later at Cender & Company;
- Notwithstanding continuing and regular mandatory education, training, and instruction at Clerk conferences, educational seminars, and the like, no internal controls and processes seem to exist;
- With the circumstances identified by the Supplemental Compliance Report, and assessment of the totality of these circumstances, it can be fairly concluded that the dereliction in fulfillment of duties and responsibilities by the Clerk-Treasurer constituted, minimally, gross negligence, and in worse case, more drastic problems.

The circumstances identified and reported, while surprising and embarrassing, have caused an exhaustive review assessment by the current Clerk-Treasurer and her Staff, as well as Town Officials, to address each reported item, identify issues to remedy, and cause compliance. These matters will be identified specifically hereinafter with each of the ten (10) subject areas under Clerk-Treasurer reported in said Supplemental Compliance Report.

### OFFICIAL RESPONSE

**Penalties and Interest.** The Town acknowledges the comments herein. It is the position of the Town that Penalties and Interest matters as reported herein are the entire responsibility of former Clerk-Treasurer Sury. It should be noted that the Town salvaged penalty and interest liabilities on a previous event of negligence or non-compliance by the Clerk-Treasurer through negotiation with the Internal Revenue Service, but that no such waiver relief was available in this latest reported instance, notwithstanding efforts by the current Clerk-Treasurer, Beth R. Hernandez, seeking same. The IRS denied subsequent relief, leaving penalties and interest remaining owing. We understand that Ms. Sury tendered payment in full of penalties and interest owing in the amount of \$2,780.58 on or about February 16, 2017. This should be self-explanatory with the reimbursement payment made.

**Clerk-Treasurer Vacation Pay.** There is full acknowledgement of the comment items herein. As with the previous Penalties and Interest report item, the former Clerk-Treasurer had been included in the Town Salary Ordinance for compensation benefits. However, recordkeeping was completely in the control and custody of the Clerk-Treasurer, with no control in the Town. Ms. Sury controlled payroll and payment of salary and benefits, and notwithstanding her not keeping employee attendance records, payroll was processed, including for herself, each seemingly in non-compliance with applicable law. With regard to her own vacation leave payment not supported by timesheets or employee services records, Ms. Sury repaid on February 16, 2017, the amount of \$6,426.71, as referenced in the Supplemental Compliance report. This reimbursement has been acknowledged and processed by current Clerk-Treasurer Beth R. Hernandez. It should further be noted that current and appropriate internal controls and procedures and record documentation processes are implemented by the current Clerk-Treasurer to support compensation to Town employees and officials.

**Bank Account Reconciliations.** The Town acknowledges the Supplemental Compliance Report information on this matter. These matters were entirely in the control and responsibility of the previous Clerk-Treasurer, Ms. Sury. She apparently failed to comply with the requirements to account and reconcile, which are the most basic of Clerk-Treasurer duties and responsibilities. The Town had no knowledge of these circumstances or issues, which were solely in the control of the Clerk-Treasurer. This significant circumstance reflects an astonishing apparent lack of knowledge and skill for holding the Clerk-Treasurer Office, reflects no internal controls being present, and further reflects a waste of taxpayer funds and time for education, information, and training provided to said Clerk-Treasurer. It should be noted that these matters are under the direct supervision of the current Clerk-Treasurer who has implemented current and appropriate internal controls and procedures for compliance. The conditions reported reflect at best, gross negligence and dereliction by the previous Clerk-Treasurer, or at worse, more significant issues.

**Self-Insurance Funds.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance, including substantial understating and overstating of balances, non-recording of transfers, and various adjustments. The Town acknowledges these comments and repeats herein its same comments as referenced above for Bank Account Reconciliations. Again, the current Clerk-Treasurer has addressed these matters by direct responsibility of the oversight of the functions, establishment of internal controls related to same, and staff training.

**Reported Utility Collections.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance on these utility collections referenced. As is repeatedly identified, the unreconciled reports and receipts are acknowledged. Such information was not known to Town Officials outside the Clerk-Treasurer. These matters were completely in the Control of said Clerk-Treasurer and would be considered a basic duty and responsibility. There is apparent lack of knowledge, internal controls, and management oversight on these matters, and a significant conclusion can be drawn that the Clerk-Treasurer did not have the knowledge or skill set requisite for the responsibilities. Again, in context of the totality of circumstances, these matters can be considered at best, gross negligence, and at worse, much more. This is especially true when it is known that the Clerk-Treasurer declined to communicate with Town Financial Advisors available for purposes of assisting on these matters. The new Clerk-Treasurer has addressed these matters, established procedures and internal controls, and supervises her staff. Further, she has utilized accessibility to the Town Financial Advisors. This matter is and has been addressed going forward.

**Overdrawn Cash and Investment Balances.** The Town acknowledges these Supplemental Compliance Report matters of Non-Compliance. All previous comments regarding the handling of same by the former Town Clerk-Treasurer apply here and should be incorporated. The current Clerk-Treasurer has undertaken all necessary actions to identify deficiencies, establish procedures and internal controls, and correct the areas of non-compliance. The former Clerk-Treasurer should be entirely responsible for, at best gross negligence, and at worse, much more.

**Utility Receipts Tax.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance herein. Reference to neglect by the previous Clerk-Treasurer is made, and acknowledged. All comments on previous sections of the Supplemental Response should be noted and incorporated herein. The current Clerk-Treasurer has likewise acknowledged the report of non-compliance, has reviewed the law, and has undertaken establishment of policies and internal controls for addressing same. Further, the current Clerk-Treasurer will utilize the services of the Town Financial Advisors as well as a specialty educated and trained CPA employee in her Office for such purposes going forward. The actions of the previous Clerk-Treasurer stand described for Official Response purposes as stated.

**Distribution of Salaries and Wages.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance regarding Salaries and Wages. The Annual Town Salary Ordinance has, to the best of the knowledge of Town Officials, been in compliance with the applicable law specified in said Supplemental Compliance Report. The identification of amount of compensation, and source of same, is specified. Notwithstanding same, acknowledgement of the comment is made, and further review assessment will be undertaken.

**Payroll-Payroll Claims and Approvals.** The Town acknowledges the comments contained in the Supplemental Compliance Report sub-section herein. All aspects of lack of knowledge by the Town Administrative and Town Council Offices is repeated herein as is report of exclusive jurisdiction and control in the past Clerk-Treasurer, Ms. Sury. It is further acknowledged that procedures are required to be established for compliance with payroll record keeping and payment. The current Clerk-Treasurer, Beth R. Hernandez, has undertaken said controls, established procedures, and is proceeding in compliance with applicable requirements. The lack of controls, compliance and procedure responsibility on the part of the past Clerk-Treasurer is, again, at best, gross negligence, and at worse, more.

**Information Technology Controls.** This sub-section of the Report topic on Payroll is acknowledged. All the same previous comments regarding circumstances of handling and jurisdictional responsibility by the previous Clerk-Treasurer are repeated herein and incorporated. It should be noted that as a priority matter, procedures and technology are in place for each user to have a unique User ID and Password, which is not to be shared. This is to conform to the requirements of Chapter 7 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns referenced going forward.

**Credit Cards.** The Town acknowledges the comments for Credit Cards in the Supplemental Compliance Report. It is unclear how the controls for credit card usage were not maintained, but all previous comments regarding the handling of basic administrative matters by the previous Clerk-Treasurer of the Town, Ms. Sury, are instructive,

and incorporated herein by reference. As a consequence of this comment, and information provided, the Town Attorney is currently reviewing the current Town Credit Card Usage Regulations Ordinance and preparing draft regulations by Amending Ordinance for consideration by the Town Council and to address the supplemental compliance report comments herein. The Town Council will have this matter before it shortly for review consideration and adoption.

**CONCLUSION.** The foregoing, and totality, improperly reflects lack of institutional control upon all Officials and representatives of the Town of St. John other than the past Clerk-Treasurer, Sherry P. Sury. Unfortunately, the performance and demeanor of the past Clerk-Treasurer resulted in a “bunker mentality” for handling the business of the people of St. John, incoherent communication, and resultant gross negligent duty performance by that Official. The matters identified in said Supplemental Compliance Report to the Examination Report for the period January 1, 2012, to December 31, 2015, are, in all matters, either already addressed and remedied, or in process of same.

## **TOWN COUNCIL**

### **Examination Results and Comments:**

**Trash and Recycling Services.** The Town acknowledges the comments made in the Supplemental Compliance Report regarding the within matter. It was confusing to the Town that the original Contract could not be located for examination. It is the position of the Town that lawful compliance occurred regarding its Contracts for Trash and Recycling pick up services, and that accurate documentation compliant with applicable law was processed in public meeting approval actions. For this response, enclosed please find the following, namely:

- May 9, 2007, approved Contract for Collection of Refuse and Recyclables by the Town with Allied Waste Services;
- First Amendment to Contract for Collection for Refuse and Recyclables by Town with Republic Services, Inc., by merger with Allied Waste Services dated May 27, 2010;
- Second Amendment to Contract for Collection of Refuse and Recyclables by the Town with Republic Services, Inc., by merger with Allied Waste Services dated September 26, 2013; and
- Ordinance No. 1482 of the Town Establishing a Garbage Collection Fee and Regulations Pertaining to the Collection and Disposal of Refuse, Garbage and Recyclables in the Town.

The Town has noted the comments made, and in furtherance of continuing compliance with applicable law, will not renew the subject latest Contract without first undertaking a public bidding process with all bidding requirements as set forth by applicable law to be included. The aforementioned legal documents will be appended hereto as Exhibit “A”.

**Temporary Loans.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Temporary Loans. Notwithstanding said comment, the Town, by action of the Town Council has, by public meeting approval of inter-fund loan repayment forgiveness Resolutions, acted to forgive outstanding loan balance amounts, inclusive of the amount of \$700,000.00 to Cumulative Sewer Fund, and \$581,151.42 to Expansion Fund. A copy of Town Resolution No. 2016-12-15 is enclosed herewith. It is not noted in the supplemental Compliance Report comments of the State Board of Accounts that said Resolution has been made. Please also note that this Resolution was approved by the St. John Town Council in its public meeting of December 15, 2016. The referenced Resolution is attached as Exhibit “B”.

**Ordinance Violations.** The Town acknowledges the comments pertaining to Ordinance Violations under the Town Council section of the Supplemental Compliance Report. The lack of clarity identified is likewise acknowledged. It is unknown how the improper penalty recordation for a Water System Charge ended up being deposited in the General Fund, rather than the Waterworks General Fund, or Water Operating Fund, but those actions and determinations were made by the past Clerk-Treasurer, Sherry P. Sury, whose extensive discovered and identified list of processing deficiencies and non-performance, and all related consequences are already substantially documented hereinabove.

With regard to addressing details of fines and penalties for non-compliance with Town Ordinances, the Town acknowledges the necessity of full review and assessment of same, updating of Ordinances connected therewith, and

confirming the authorities of the Clerk-Treasurer related to civil penalties. Further, the Town will further examine and investigate the status of the Ordinance Violations Bureau documentation and Court Order. These are records that are missing, which were under the recordkeeping authority and jurisdiction of the past Clerk-Treasurer, Sherry Sury. The Town cannot locate a number of relevant public records and documents that it has relied upon for many years, and all during the term of Office of Ms. Sury. A total review and analysis for updating the referenced Ordinances herein is in process.

**Vacation Pay.** The Town acknowledges the comments made in this section of the Supplemental Compliance Report for the Town Council. The Town Personnel Policy Manual is in review for revision and replacement by the Town Attorney. The matters presented in the Supplemental Compliance Report on this matter will be addressed.

**Payroll.** The Town acknowledges the comments for payroll under the Town Council Section of the Supplemental Compliance Report. Please note that the current Clerk-Treasurer has adjusted recordkeeping to conform to the audit comments, consistent with the modernization of the Office of the Clerk-Treasurer and its duties, responsibilities and functions. This update includes assessment and implementation of recognized and acknowledged acceptable forms and reports.

**CONCLUSION.** The foregoing constitutes the Official Response of the Town related to Town Council matters specifically referenced in the Supplemental Compliance Report.

## **POLICE DEPARTMENT**

### **Examination Results and Comments.**

**Moving Traffic Violations.** The Town acknowledges the comments for Moving Traffic Violations in the Supplemental Compliance Report. With regard to Moving Violations, the Town disagrees that it is in non-compliance with the Indiana Code pertaining to Traffic Violations and a Traffic Violations process. However, recognizing the comment made, full supplemental review evaluation and analysis is in process by the Town Attorney. Further update will follow and be provided upon completion of same. The Town is in compliance with the provisions of the Indiana Code for Traffic Violation Deferral Program and its requisite procedures. The Town Attorney, as Attorney for the Town of St. John, a Municipal Corporation, processes said program for deferring actions involving moving traffic violators by compliance with the provisions of I.C. §34-28-5-1(h). The interpretation of payment to the Clerk of the Court for the St. John Program is that payment is made to the Clerk of the Court by Money Order instrument and tendered with executed Deferral Program Agreement through the Office of the Town Clerk-Treasurer to the Town Attorney Office. Then, the Town Attorney Office counter-signs the Deferral Agreement with the qualified moving traffic violator and simultaneously thereafter files the Counter-signed Agreement and payment in one (1) package to the Clerk of the Court for processing. Each of the Office of the Town Attorney, Clerk of the Lake Superior Court, County Division, and jurisdictional Court of Record have concurred in this process. The Town believes and is of the position that it has complied with applicable law in this Moving Traffic Violation Deferral Program activity.

**Animal Control Fees.** The Town acknowledges the review comment in the Supplemental Compliance Report under the Town Police Department for Animal Control Fees, but respectfully objects to its accuracy. Town Ordinance No. 1633, adopted September 22, 2016, adopted a replacement **SECTION THIRTEEN** for said Town Animal Control Regulations Ordinance No. 1466, establishing an adoption fee for the adoption of a dog or cat in the amount of Two Hundred Dollars (\$200.00). A copy of said Town Ordinance No. 1633 is enclosed herewith and marked Exhibit "C".

**CONCLUSION.** The foregoing constitutes the Town Official Response to the Supplemental Compliance Report pertaining to the Town Police Department. The matters pertaining to Moving Traffic Violations will be the subject of further review, analysis and adjustment, if legally required.

## **EMERGENCY MANAGEMENT DEPARTMENT**

### **Examination Results and Comments**

**Computer Software For Emergency Medical Services Billing and Collections.** The Town acknowledges the comments pertaining to the Town Emergency Medical Services Billings and Collections. The constructive comments are substantive and noted. It has been concluded that deficiencies and issues occurring from current

procedures and software are directly the result of outdated and inadequate software, applications, and programming. The Town is in process of reviewing and analyzing current and foreseeable needs for replacement and upgrade of the hardware and software currently in use. With such should come the corrections appropriate and required consistent with the comments made in this Supplemental Compliance Report.

**CONCLUSION.** The foregoing Official Response comments are self-explanatory. The Town is committed to modern, efficient, and quality computer equipment and software for its business uses, including Emergency Medical Service billing functions.

## **PARK DEPARTMENT**

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With regard to fees charged by the Town Park Department, such Ordinances establishing fees have existed for a number of years. On May 11, 1992, the then-Town Council adopted Park and Recreation Fee Ordinance No. 890. This Ordinance was thereafter amended and updated by Ordinance 1029 on December 26, 1996, Ordinance No. 1084 on November 23, 1998, Ordinance No. 1113 on the 25th day of March, 1999, Ordinance No. 1154 on February 24, 2000, Ordinance No. 1170 on April 27, 2000, Ordinance No. 1364 on October 21, 2004, and Ordinance No. 1488 on March 19, 2009. Please note that these Ordinances, including the latest Ordinance No. 1488 pertaining to Fee Schedule for Park and Recreation Department Activities, have remained in full force, and establish fees for use of Parks. The Town position is that it has the requisite Ordinances for charging and collecting fees as required by applicable law. A copy of said Ordinances are attached hereto as Group Exhibit "D".

**CONCLUSION.** The foregoing represents the position of the Town of St. John that it has complied with law and requisite requirements on Fee Establishment. Town Officials are unable to answer as to the status of Park Shelter Rental Agreements not located in 2014 and 2015. If located, and uncovered, same will be provided.

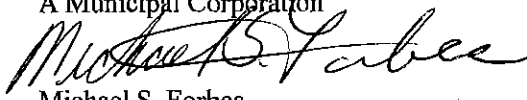


**CONCLUSION**

The foregoing constitutes the Official Response position of the Town of St. John, Lake County, Indiana, a Municipal Corporation, to the Financial Statements-Examination Report of the Town by the Indiana State Board of Accounts for the period of January 1, 2012, to December 31, 2015. It is our understanding that the Financial Examination Report, Supplemental Compliance Report, and Town Official Response, including that of former Clerk-Treasurer Sury, if any she makes, and the Town Attorney Litigation Opinion will be processed and made public on or after March 17, 2017.

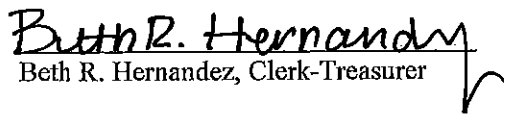
Very truly yours,

TOWN OF ST. JOHN,  
LAKE COUNTY, INDIANA,  
A Municipal Corporation



By: Michael S. Forbes,  
Town Council President

ATTEST:

  
Beth R. Hernandez, Clerk-Treasurer

Enclosures: Exhibits, as noted.

*The Official Response from the Town of St. John Town Council President also included Exhibits labeled A to D which are not included in this Report. These exhibits are available upon request made to the Indiana State Board of Accounts.*

POLICE DEPARTMENT  
TOWN OF ST. JOHN  
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2017, with James Kveton, Police Chief; Beth Hernandez, Clerk-Treasurer; Stephen Kil, Town Manager; David M. Austgen, Town Attorney; and Michael Forbes, President of the Town Council.

EMERGENCY MANAGEMENT SERVICES DEPARTMENT  
TOWN OF ST. JOHN

EMERGENCY MANAGEMENT SERVICES DEPARTMENT  
TOWN OF ST. JOHN  
EXAMINATION RESULT AND COMMENT

**COMPUTER SOFTWARE FOR EMERGENCY MEDICAL SERVICES BILLINGS AND COLLECTIONS**

The Emergency Medical Services (EMS) department billed and collected for ambulance services using computerized billing software. Several deficiencies were noted regarding the reports generated by this computer system.

*Account Histories*

Patient account histories provided a list of collections by date, but the receipt numbers associated with each of the detail collections were not recorded on the patient account history reports.

Patient account histories did not provide an accurate and complete history of all activity associated with a customer account. For example, notes per an electronic report of account activity indicated that on April 9, 2012, the EMS Clerk had to "delete all charges on billing and payments to correct the date of service"; however, the account history for this patient reported all billing was performed on February 24, 2012. No adjustments to billings or other activity were noted on April 9, 2012.

*Receipts and Reports of Monies Collected by Date*

The system allowed the EMS Clerk to generate reports entitled "Monies Collected by Date." From the reports selected for review, at least one receipt number was missing from the sequence. Additionally, for each report provided, at least one amount on each report had a designed receipt number of "0."

We found that the software allowed users to delete receipts. In two instances, the user could not provide any documentation to support what had happened to those missing receipt numbers. In all remaining instances, receipts were reproduced to document that receipt activity had occurred. When deleted receipts were reprinted, there were not any distinguishing marks or notations to allow someone reviewing the receipt to know that it had been deleted.

These controls are designed to provide reasonable assurance that data received or computer processing is appropriately authorized and converted into a machine-sensible form and that data is not lost, suppressed, added, duplicated, or improperly changed. Computerized input controls include data checks and validation procedures such as check digits, record counts, hatch totals, and batch financial tools, while computerized edit routines - which are designed to detect data errors - include valid character tests, missing data tests, sequence tests, and limit or reasonableness tests. Domains of input controls include:

EMERGENCY MANAGEMENT SERVICES DEPARTMENT  
TOWN OF ST. JOHN  
EXAMINATION RESULT AND COMMENT  
(Continued)

- 1) Data checks and validation.
- 2) Automated authorization, approval, and override.
- 3) Automated segregation of duties and access rights.
- 4) Pended items.

(The Accounting and Uniform Compliance Guidelines Manual for Indiana Political Subdivisions - Information Technology)

The accounting application should provide extensive data editing, validation, and change capability upon input and before a transaction is posted to an account, but no ability to change data after it is posted. If an error is discovered after the transaction is posted, a separate correcting transaction must be made in the accounting period that it is discovered. Under no circumstances must an error be corrected in a year that has been closed.

Accounting information must not be modified by computer utility programs which are not contained in the accounting application system. The accounting application system must be supported by the computerized and manual procedures to ensure the following error correction controls are implemented:

- The type of error condition is recorded.
- The original transaction creating the error is retained within the system.
- A reversing transaction to eliminate the effect of the error is entered and retained with the system.
- The correct transaction is entered into the system and recorded.
- Management approval for error correction is documented.

(The Accounting and Uniform Compliance Guidelines Manual for Indiana Political Subdivisions - Information Technology)

**Office of the  
Town Council**



**Michael S. Forbes  
Stephen Hastings  
Gregory J. Volk  
Mark Barenie  
Christian Jorgensen**

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10955 West 93<sup>rd</sup> Avenue  
St. John, Indiana 46373-8822*

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**STATE OF INDIANA  
STATE BOARD OF ACCOUNTS**

**FINANCIAL STATEMENTS  
EXAMINATION REPORT OF THE  
TOWN OF ST. JOHN, LAKE COUNTY, INDIANA**

**(For the Period from January 1, 2012, to December 31, 2015)**

**SUPPLEMENTAL COMPLIANCE REPORT  
AND  
TOWN OFFICIAL RESPONSE**

**INTRODUCTION**

The Town of St. John, Lake County, Indiana, is a unit of Local Government in Lake County, Indiana, subject to the review and examination responsibilities and jurisdiction of the Indiana State Board of Accounts. The Financial Statement Examination Report of the Town of St. John, Lake County, Indiana, for the period from January 1, 2012 to December 31, 2015, commenced on or about March 16, 2016. The Field Examiner assigned communicated with the Town Administrative Staff and Clerk-Treasurer from the Entrance Conference to and through the January 31, 2017, Exit Conference.

Based upon scheduling and coordination instructions of said State Board of Accounts Field Examiner, the Exit Conference was scheduled and conducted January 31, 2017, for the review of the Supplemental Compliance Report supplementing the Financial Statements Examination Report mentioned aforesaid. The attendees at the Exit Conference of January 31, 2017, are identified by name and signature on Page 5 of 5 of the Exit Conference Acknowledgement Form 8. As represented by said Field Examiner in said Exit Conference, an Official Response may be made by the Town of St. John, Lake County, Indiana. This document, and information contained herein, shall serve as that Official Response.

Additional Exit Conference documentation, namely, review acknowledgment of Exit Conference with Field Examiner, and Verification that this Official Response would be made was executed by attendees at said conference. It should be noted that on Page 7 of said documentation, the name and signature of former Clerk-Treasurer of the Town of St. John, Lake County, Indiana, Sherry Sury, is appended. It is the understanding of the Town of St. John that a separate and stand-alone response of the former Clerk-Treasurer will occur, but under separate cover.

Finally, for introduction purposes, it should be noted that for the time period for the Audit examination by the State Board of Accounts, the duly elected Town Clerk-Treasurer was Sherry P. Sury. By consequence of the General Election in November, 2015, the current Clerk-Treasurer, Beth R. Hernandez, was elected to the Office and Position. Sherry P. Sury was the Clerk-Treasurer for three (3) terms of Office, ending December 31, 2015, which is coterminous with the ending date of this Audit Examination. As a consequence, all matters addressed herein will be attributed to

the conduct and performance, or non-performance, of the former Clerk-Treasurer, as will be enumerated specifically hereinafter.

The balance of the response hereto will provide the Town Response to the Supplemental Compliance Report in the order of the Table of Contents on page 2 of said Supplemental Compliance Report. Said Official Response will follow immediately hereinafter.

## **CLERK-TREASURER**

### **Examination Results and Comments:**

This section of Official Response will briefly repeat the aforementioned, namely, that Sherry P. Sury was the elected Clerk-Treasurer of the Town of St. John for three (3) full four (4) year terms, after an initial partial term of one (1) year, in 2003, following resignation of her predecessor Clerk-Treasurer, Judith L. Companik, who departed the position to undertake government service employment in the Office of the Lake County Auditor. Ms. Sury served continuously except for a period of time in late 2014 and early 2015 when under Court Orders in a Lawsuit she commenced against the Town Council of the Town, she was restricted in her duties and responsibilities for the continuation of the functions of the Office. However, upon medical release, Court Orders of limitation were withdrawn by the Trial Court. The cause of action is Sherry P. Sury, Clerk-Treasurer, vs. Michael S. Forbes, Town Council of the Town of St. John, et al., which was docketed under Lake Superior Court Cause No. 45D10-1311-PL-00120. It should be noted that this Lawsuit proceeding was commenced by Ms. Sury in 2013, and maintained through the end of her term of Office December 31, 2015. Successor Clerk-Treasurer Beth R. Hernandez thereafter immediately stipulated with the Town Council to dismissal of the lawsuit proceeding in early February, 2016. Please note this lawsuit circumstance in the Attorney Litigation Opinion Letter supplemental to the Examination Report for this Audit Examination.

The Supplemental Complaint Report reflects ten (10) substantive areas of review and report pertaining to the Clerk-Treasurer. For general response purposes, Town Officials acknowledge the report made by the Field Examiner and Staff regarding the Office of the Clerk-Treasurer. The following should be noted as relevant and critical to the Official Response hereto, and specifically pertaining to the following, namely:

- All ten (10) review areas in the Supplemental Compliance Report, namely:
  - Penalties and Interest
  - Clerk-Treasurer Vacation Pay
  - Bank Account Reconciliations
  - Self-Insurance Funds
  - Reported Utility Collections
  - Overdrawn Cash and Investment Balances
  - Utility Receipts Tax
  - Distribution of Salaries and Wages
  - Payroll
  - Credit Cards

were matters entirely in the control and authority of the Town Clerk-Treasurer

- As all such matters were under the exclusive and sole control and jurisdiction of management, oversight and responsibility by the Town Clerk-Treasurer, neither the Town Council nor Administrative Staff had any knowledge of said issues;
- The matters addressed in each of these areas were essentially basic duties and responsibilities, as well as fund management. These duties and responsibilities were the minimum basics for an official holding such position;
- The totality of the issues and non-compliance items reported reflect an apparent lack of skill, knowledge, and ability. This is unacceptable fiscal and record keeping fiduciary effort, and particularly for a Clerk-Treasurer such as Ms. Sury who had, at taxpayer expense, sought and was issued accreditation credentials, in addition to participating in the minimum attendance responsibilities with the Office of the State Board of Accounts and other State Agencies;

- The totality of conditions reported in non-compliance reflect complete lack of establishment or implementation of internal controls;
- There is an apparent failure of the Clerk-Treasurer to conduct proper transfer and account balance functions, which should be deemed basic fiscal officer fiduciary responsibility;
- The Clerk-Treasurer failed or declined to communicate any issues or non-compliance circumstances to the Town Administrative Staff or Town Council;
- The Clerk-Treasurer reportedly declined to communicate with the Town's Financial Advisors on matters of fiscal controls or issues, including the Town Financial Advisors at H.J. Umbaugh and Associates, and later at Cender & Company;
- Notwithstanding continuing and regular mandatory education, training, and instruction at Clerk conferences, educational seminars, and the like, no internal controls and processes seem to exist;
- With the circumstances identified by the Supplemental Compliance Report, and assessment of the totality of these circumstances, it can be fairly concluded that the dereliction in fulfillment of duties and responsibilities by the Clerk-Treasurer constituted, minimally, gross negligence, and in worse case, more drastic problems.

The circumstances identified and reported, while surprising and embarrassing, have caused an exhaustive review assessment by the current Clerk-Treasurer and her Staff, as well as Town Officials, to address each reported item, identify issues to remedy, and cause compliance. These matters will be identified specifically hereinafter with each of the ten (10) subject areas under Clerk-Treasurer reported in said Supplemental Compliance Report.

### OFFICIAL RESPONSE

**Penalties and Interest.** The Town acknowledges the comments herein. It is the position of the Town that Penalties and Interest matters as reported herein are the entire responsibility of former Clerk-Treasurer Sury. It should be noted that the Town salvaged penalty and interest liabilities on a previous event of negligence or non-compliance by the Clerk-Treasurer through negotiation with the Internal Revenue Service, but that no such waiver relief was available in this latest reported instance, notwithstanding efforts by the current Clerk-Treasurer, Beth R. Hernandez, seeking same. The IRS denied subsequent relief, leaving penalties and interest remaining owing. We understand that Ms. Sury tendered payment in full of penalties and interest owing in the amount of \$2,780.58 on or about February 16, 2017. This should be self-explanatory with the reimbursement payment made.

**Clerk-Treasurer Vacation Pay.** There is full acknowledgement of the comment items herein. As with the previous Penalties and Interest report item, the former Clerk-Treasurer had been included in the Town Salary Ordinance for compensation benefits. However, recordkeeping was completely in the control and custody of the Clerk-Treasurer, with no control in the Town. Ms. Sury controlled payroll and payment of salary and benefits, and notwithstanding her not keeping employee attendance records, payroll was processed, including for herself, each seemingly in non-compliance with applicable law. With regard to her own vacation leave payment not supported by timesheets or employee services records, Ms. Sury repaid on February 16, 2017, the amount of \$6,426.71, as referenced in the Supplemental Compliance report. This reimbursement has been acknowledged and processed by current Clerk-Treasurer Beth R. Hernandez. It should further be noted that current and appropriate internal controls and procedures and record documentation processes are implemented by the current Clerk-Treasurer to support compensation to Town employees and officials.

**Bank Account Reconciliations.** The Town acknowledges the Supplemental Compliance Report information on this matter. These matters were entirely in the control and responsibility of the previous Clerk-Treasurer, Ms. Sury. She apparently failed to comply with the requirements to account and reconcile, which are the most basic of Clerk-Treasurer duties and responsibilities. The Town had no knowledge of these circumstances or issues, which were solely in the control of the Clerk-Treasurer. This significant circumstance reflects an astonishing apparent lack of knowledge and skill for holding the Clerk-Treasurer Office, reflects no internal controls being present, and further reflects a waste of taxpayer funds and time for education, information, and training provided to said Clerk-Treasurer. It should be noted that these matters are under the direct supervision of the current Clerk-Treasurer who has implemented current and appropriate internal controls and procedures for compliance. The conditions reported reflect at best, gross negligence and dereliction by the previous Clerk-Treasurer, or at worse, more significant issues.



**Self-Insurance Funds.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance, including substantial understating and overstating of balances, non-recording of transfers, and various adjustments. The Town acknowledges these comments and repeats herein its same comments as referenced above for Bank Account Reconciliations. Again, the current Clerk-Treasurer has addressed these matters by direct responsibility of the oversight of the functions, establishment of internal controls related to same, and staff training.

**Reported Utility Collections.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance on these utility collections referenced. As is repeatedly identified, the unreconciled reports and receipts are acknowledged. Such information was not known to Town Officials outside the Clerk-Treasurer. These matters were completely in the Control of said Clerk-Treasurer and would be considered a basic duty and responsibility. There is apparent lack of knowledge, internal controls, and management oversight on these matters, and a significant conclusion can be drawn that the Clerk-Treasurer did not have the knowledge or skill set requisite for the responsibilities. Again, in context of the totality of circumstances, these matters can be considered at best, gross negligence, and at worse, much more. This is especially true when it is known that the Clerk-Treasurer declined to communicate with Town Financial Advisors available for purposes of assisting on these matters. The new Clerk-Treasurer has addressed these matters, established procedures and internal controls, and supervises her staff. Further, she has utilized accessibility to the Town Financial Advisors. This matter is and has been addressed going forward.

**Overdrawn Cash and Investment Balances.** The Town acknowledges these Supplemental Compliance Report matters of Non-Compliance. All previous comments regarding the handling of same by the former Town Clerk-Treasurer apply here and should be incorporated. The current Clerk-Treasurer has undertaken all necessary actions to identify deficiencies, establish procedures and internal controls, and correct the areas of non-compliance. The former Clerk-Treasurer should be entirely responsible for, at best gross negligence, and at worse, much more.

**Utility Receipts Tax.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance herein. Reference to neglect by the previous Clerk-Treasurer is made, and acknowledged. All comments on previous sections of the Supplemental Response should be noted and incorporated herein. The current Clerk-Treasurer has likewise acknowledged the report of non-compliance, has reviewed the law, and has undertaken establishment of policies and internal controls for addressing same. Further, the current Clerk-Treasurer will utilize the services of the Town Financial Advisors as well as a specialty educated and trained CPA employee in her Office for such purposes going forward. The actions of the previous Clerk-Treasurer stand described for Official Response purposes as stated.

**Distribution of Salaries and Wages.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance regarding Salaries and Wages. The Annual Town Salary Ordinance has, to the best of the knowledge of Town Officials, been in compliance with the applicable law specified in said Supplemental Compliance Report. The identification of amount of compensation, and source of same, is specified. Notwithstanding same, acknowledgement of the comment is made, and further review assessment will be undertaken.

**Payroll-Payroll Claims and Approvals.** The Town acknowledges the comments contained in the Supplemental Compliance Report sub-section herein. All aspects of lack of knowledge by the Town Administrative and Town Council Offices is repeated herein as is report of exclusive jurisdiction and control in the past Clerk-Treasurer, Ms. Sury. It is further acknowledged that procedures are required to be established for compliance with payroll record keeping and payment. The current Clerk-Treasurer, Beth R. Hernandez, has undertaken said controls, established procedures, and is proceeding in compliance with applicable requirements. The lack of controls, compliance and procedure responsibility on the part of the past Clerk-Treasurer is, again, at best, gross negligence, and at worse, more.

**Information Technology Controls.** This sub-section of the Report topic on Payroll is acknowledged. All the same previous comments regarding circumstances of handling and jurisdictional responsibility by the previous Clerk-Treasurer are repeated herein and incorporated. It should be noted that as a priority matter, procedures and technology are in place for each user to have a unique User ID and Password, which is not to be shared. This is to conform to the requirements of Chapter 7 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns referenced going forward.

**Credit Cards.** The Town acknowledges the comments for Credit Cards in the Supplemental Compliance Report. It is unclear how the controls for credit card usage were not maintained, but all previous comments regarding the handling of basic administrative matters by the previous Clerk-Treasurer of the Town, Ms. Sury, are instructive,

and incorporated herein by reference. As a consequence of this comment, and information provided, the Town Attorney is currently reviewing the current Town Credit Card Usage Regulations Ordinance and preparing draft regulations by Amendatory Ordinance for consideration by the Town Council and to address the supplemental compliance report comments herein. The Town Council will have this matter before it shortly for review consideration and adoption.

**CONCLUSION.** The foregoing, and totality, improperly reflects lack of institutional control upon all Officials and representatives of the Town of St. John other than the past Clerk-Treasurer, Sherry P. Sury. Unfortunately, the performance and demeanor of the past Clerk-Treasurer resulted in a “bunker mentality” for handling the business of the people of St. John, incoherent communication, and resultant gross negligent duty performance by that Official. The matters identified in said Supplemental Compliance Report to the Examination Report for the period January 1, 2012, to December 31, 2015, are, in all matters, either already addressed and remedied, or in process of same.

## **TOWN COUNCIL**

### **Examination Results and Comments:**

**Trash and Recycling Services.** The Town acknowledges the comments made in the Supplemental Compliance Report regarding the within matter. It was confusing to the Town that the original Contract could not be located for examination. It is the position of the Town that lawful compliance occurred regarding its Contracts for Trash and Recycling pick up services, and that accurate documentation compliant with applicable law was processed in public meeting approval actions. For this response, enclosed please find the following, namely:

- May 9, 2007, approved Contract for Collection of Refuse and Recyclables by the Town with Allied Waste Services;
- First Amendment to Contract for Collection for Refuse and Recyclables by Town with Republic Services, Inc., by merger with Allied Waste Services dated May 27, 2010;
- Second Amendment to Contract for Collection of Refuse and Recyclables by the Town with Republic Services, Inc., by merger with Allied Waste Services dated September 26, 2013; and
- Ordinance No. 1482 of the Town Establishing a Garbage Collection Fee and Regulations Pertaining to the Collection and Disposal of Refuse, Garbage and Recyclables in the Town.

The Town has noted the comments made, and in furtherance of continuing compliance with applicable law, will not renew the subject latest Contract without first undertaking a public bidding process with all bidding requirements as set forth by applicable law to be included. The aforementioned legal documents will be appended hereto as Exhibit “A”.

**Temporary Loans.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Temporary Loans. Notwithstanding said comment, the Town, by action of the Town Council has, by public meeting approval of inter-fund loan repayment forgiveness Resolutions, acted to forgive outstanding loan balance amounts, inclusive of the amount of \$700,000.00 to Cumulative Sewer Fund, and \$581,151.42 to Expansion Fund. A copy of Town Resolution No. 2016-12-15 is enclosed herewith. It is not noted in the supplemental Compliance Report comments of the State Board of Accounts that said Resolution has been made. Please also note that this Resolution was approved by the St. John Town Council in its public meeting of December 15, 2016. The referenced Resolution is attached as Exhibit “B”.

**Ordinance Violations.** The Town acknowledges the comments pertaining to Ordinance Violations under the Town Council section of the Supplemental Compliance Report. The lack of clarity identified is likewise acknowledged. It is unknown how the improper penalty recordation for a Water System Charge ended up being deposited in the General Fund, rather than the Waterworks General Fund, or Water Operating Fund, but those actions and determinations were made by the past Clerk-Treasurer, Sherry P. Sury, whose extensive discovered and identified list of processing deficiencies and non-performance, and all related consequences are already substantially documented hereinabove.

With regard to addressing details of fines and penalties for non-compliance with Town Ordinances, the Town acknowledges the necessity of full review and assessment of same, updating of Ordinances connected therewith, and

confirming the authorities of the Clerk-Treasurer related to civil penalties. Further, the Town will further examine and investigate the status of the Ordinance Violations Bureau documentation and Court Order. These are records that are missing, which were under the recordkeeping authority and jurisdiction of the past Clerk-Treasurer, Sherry Sury. The Town cannot locate a number of relevant public records and documents that it has relied upon for many years, and all during the term of Office of Ms. Sury. A total review and analysis for updating the referenced Ordinances herein is in process.

**Vacation Pay.** The Town acknowledges the comments made in this section of the Supplemental Compliance Report for the Town Council. The Town Personnel Policy Manual is in review for revision and replacement by the Town Attorney. The matters presented in the Supplemental Compliance Report on this matter will be addressed.

**Payroll.** The Town acknowledges the comments for payroll under the Town Council Section of the Supplemental Compliance Report. Please note that the current Clerk-Treasurer has adjusted recordkeeping to conform to the audit comments, consistent with the modernization of the Office of the Clerk-Treasurer and its duties, responsibilities and functions. This update includes assessment and implementation of recognized and acknowledged acceptable forms and reports.

**CONCLUSION.** The foregoing constitutes the Official Response of the Town related to Town Council matters specifically referenced in the Supplemental Compliance Report.

## **POLICE DEPARTMENT**

### **Examination Results and Comments.**

**Moving Traffic Violations.** The Town acknowledges the comments for Moving Traffic Violations in the Supplemental Compliance Report. With regard to Moving Violations, the Town disagrees that it is in non-compliance with the Indiana Code pertaining to Traffic Violations and a Traffic Violations process. However, recognizing the comment made, full supplemental review evaluation and analysis is in process by the Town Attorney. Further update will follow and be provided upon completion of same. The Town is in compliance with the provisions of the Indiana Code for Traffic Violation Deferral Program and its requisite procedures. The Town Attorney, as Attorney for the Town of St. John, a Municipal Corporation, processes said program for deferring actions involving moving traffic violators by compliance with the provisions of I.C. §34-28-5-1(h). The interpretation of payment to the Clerk of the Court for the St. John Program is that payment is made to the Clerk of the Court by Money Order instrument and tendered with executed Deferral Program Agreement through the Office of the Town Clerk-Treasurer to the Town Attorney Office. Then, the Town Attorney Office counter-signs the Deferral Agreement with the qualified moving traffic violator and simultaneously thereafter files the Counter-signed Agreement and payment in one (1) package to the Clerk of the Court for processing. Each of the Office of the Town Attorney, Clerk of the Lake Superior Court, County Division, and jurisdictional Court of Record have concurred in this process. The Town believes and is of the position that it has complied with applicable law in this Moving Traffic Violation Deferral Program activity.

**Animal Control Fees.** The Town acknowledges the review comment in the Supplemental Compliance Report under the Town Police Department for Animal Control Fees, but respectfully objects to its accuracy. Town Ordinance No. 1633, adopted September 22, 2016, adopted a replacement **SECTION THIRTEEN** for said Town Animal Control Regulations Ordinance No. 1466, establishing an adoption fee for the adoption of a dog or cat in the amount of Two Hundred Dollars (\$200.00). A copy of said Town Ordinance No. 1633 is enclosed herewith and marked Exhibit "C".

**CONCLUSION.** The foregoing constitutes the Town Official Response to the Supplemental Compliance Report pertaining to the Town Police Department. The matters pertaining to Moving Traffic Violations will be the subject of further review, analysis and adjustment, if legally required.

## **EMERGENCY MANAGEMENT DEPARTMENT**

### **Examination Results and Comments**

**Computer Software For Emergency Medical Services Billing and Collections.** The Town acknowledges the comments pertaining to the Town Emergency Medical Services Billings and Collections. The constructive comments are substantive and noted. It has been concluded that deficiencies and issues occurring from current

procedures and software are directly the result of outdated and inadequate software, applications, and programming. The Town is in process of reviewing and analyzing current and foreseeable needs for replacement and upgrade of the hardware and software currently in use. With such should come the corrections appropriate and required consistent with the comments made in this Supplemental Compliance Report.

**CONCLUSION.** The foregoing Official Response comments are self-explanatory. The Town is committed to modern, efficient, and quality computer equipment and software for its business uses, including Emergency Medical Service billing functions.

## **PARK DEPARTMENT**

### **Examination Results and Comments.**

**Park Department Fees.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Town Park Department Fees. First, with regard to Shelter Rental Agreements and same not being retained for examination for 2014 and 2015, it is unknown what occurred to the records. The Town acknowledges that a number of records have been misplaced, lost, or removed from the Town Clerk-Treasurer's Office during the term of Office of Sherry P. Sury, ending December 31, 2015. Apparently, you were unable to review Shelter Rental Agreements for 2014 and 2015, during the term of Office of Ms. Sury, who was responsible for permanent recordkeeping. The Town is likewise unable to answer or respond to review inquiry on Shelter Rentals for the period in question. The Town is further unaware of any official action taken by former Clerk-Treasurer Sury to legally destroy public documents, including Park Rental Shelter Agreements. The position of the Town is that such recordkeeping was and is the responsibility of the seated Clerk-Treasurer. For period of time of the audit examination, and the specific years in question, that would be Ms. Sury. The current Clerk-Treasurer has established internal controls, modern recordkeeping processes, and protocols for internal procedures on same.

With regard to fees charged by the Town Park Department, such Ordinances establishing fees have existed for a number of years. On May 11, 1992, the then-Town Council adopted Park and Recreation Fee Ordinance No. 890. This Ordinance was thereafter amended and updated by Ordinance 1029 on December 26, 1996, Ordinance No. 1084 on November 23, 1998, Ordinance No. 1113 on the 25th day of March, 1999, Ordinance No. 1154 on February 24, 2000, Ordinance No. 1170 on April 27, 2000, Ordinance No. 1364 on October 21, 2004, and Ordinance No. 1488 on March 19, 2009. Please note that these Ordinances, including the latest Ordinance No. 1488 pertaining to Fee Schedule for Park and Recreation Department Activities, have remained in full force, and establish fees for use of Parks. The Town position is that it has the requisite Ordinances for charging and collecting fees as required by applicable law. A copy of said Ordinances are attached hereto as Group Exhibit "D".

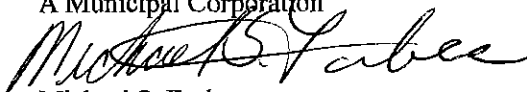
**CONCLUSION.** The foregoing represents the position of the Town of St. John that it has complied with law and requisite requirements on Fee Establishment. Town Officials are unable to answer as to the status of Park Shelter Rental Agreements not located in 2014 and 2015. If located, and uncovered, same will be provided.

**CONCLUSION**

The foregoing constitutes the Official Response position of the Town of St. John, Lake County, Indiana, a Municipal Corporation, to the Financial Statements-Examination Report of the Town by the Indiana State Board of Accounts for the period of January 1, 2012, to December 31, 2015. It is our understanding that the Financial Examination Report, Supplemental Compliance Report, and Town Official Response, including that of former Clerk-Treasurer Sury, if any she makes, and the Town Attorney Litigation Opinion will be processed and made public on or after March 17, 2017.

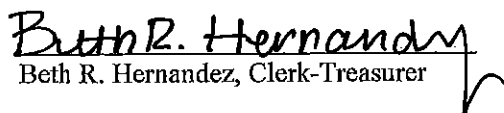
Very truly yours,

TOWN OF ST. JOHN,  
LAKE COUNTY, INDIANA,  
A Municipal Corporation



By: Michael S. Forbes,  
Town Council President

ATTEST:

  
Beth R. Hernandez, Clerk-Treasurer

Enclosures: Exhibits, as noted.

*The Official Response from the Town of St. John Town Council President also included Exhibits labeled A to D which are not included in this Report. These exhibits are available upon request made to the Indiana State Board of Accounts.*

EMERGENCY MANAGEMENT SERVICES DEPARTMENT  
TOWN OF ST. JOHN  
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2017, with Fred Willman, Fire Chief (EMS Director); Beth Hernandez, Clerk-Treasurer; Stephen Kil, Town Manager; David M. Austgen, Town Attorney; and Michael Forbes, President of the Town Council.

PARK DEPARTMENT  
TOWN OF ST. JOHN

PARK DEPARTMENT  
TOWN OF ST. JOHN  
EXAMINATION RESULT AND COMMENT

***PARK DEPARTMENT FEES***

The fees charged by the Park Department were not established by ordinance.

Shelter rental agreements were not retained for examination for 2014 and 2015; thus, we could not validate collections for shelter rentals.

Fees can only be collected as specifically authorized by law 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)

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Compliance Guidelines Manual for Cities and Towns, Chapter 1)



**Office of the  
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**STATE OF INDIANA  
STATE BOARD OF ACCOUNTS**

**FINANCIAL STATEMENTS  
EXAMINATION REPORT OF THE  
TOWN OF ST. JOHN, LAKE COUNTY, INDIANA**

**(For the Period from January 1, 2012, to December 31, 2015)**

**SUPPLEMENTAL COMPLIANCE REPORT  
AND  
TOWN OFFICIAL RESPONSE**

**INTRODUCTION**

The Town of St. John, Lake County, Indiana, is a unit of Local Government in Lake County, Indiana, subject to the review and examination responsibilities and jurisdiction of the Indiana State Board of Accounts. The Financial Statement Examination Report of the Town of St. John, Lake County, Indiana, for the period from January 1, 2012 to December 31, 2015, commenced on or about March 16, 2016. The Field Examiner assigned communicated with the Town Administrative Staff and Clerk-Treasurer from the Entrance Conference to and through the January 31, 2017, Exit Conference.

Based upon scheduling and coordination instructions of said State Board of Accounts Field Examiner, the Exit Conference was scheduled and conducted January 31, 2017, for the review of the Supplemental Compliance Report supplementing the Financial Statements Examination Report mentioned aforesaid. The attendees at the Exit Conference of January 31, 2017, are identified by name and signature on Page 5 of 5 of the Exit Conference Acknowledgement Form 8. As represented by said Field Examiner in said Exit Conference, an Official Response may be made by the Town of St. John, Lake County, Indiana. This document, and information contained herein, shall serve as that Official Response.

Additional Exit Conference documentation, namely, review acknowledgment of Exit Conference with Field Examiner, and Verification that this Official Response would be made was executed by attendees at said conference. It should be noted that on Page 7 of said documentation, the name and signature of former Clerk-Treasurer of the Town of St. John, Lake County, Indiana, Sherry Sury, is appended. It is the understanding of the Town of St. John that a separate and stand-alone response of the former Clerk-Treasurer will occur, but under separate cover.

Finally, for introduction purposes, it should be noted that for the time period for the Audit examination by the State Board of Accounts, the duly elected Town Clerk-Treasurer was Sherry P. Sury. By consequence of the General Election in November, 2015, the current Clerk-Treasurer, Beth R. Hernandez, was elected to the Office and Position. Sherry P. Sury was the Clerk-Treasurer for three (3) terms of Office, ending December 31, 2015, which is coterminous with the ending date of this Audit Examination. As a consequence, all matters addressed herein will be attributed to

the conduct and performance, or non-performance, of the former Clerk-Treasurer, as will be enumerated specifically hereinafter.

The balance of the response hereto will provide the Town Response to the Supplemental Compliance Report in the order of the Table of Contents on page 2 of said Supplemental Compliance Report. Said Official Response will follow immediately hereinafter.

## **CLERK-TREASURER**

### **Examination Results and Comments:**

This section of Official Response will briefly repeat the aforementioned, namely, that Sherry P. Sury was the elected Clerk-Treasurer of the Town of St. John for three (3) full four (4) year terms, after an initial partial term of one (1) year, in 2003, following resignation of her predecessor Clerk-Treasurer, Judith L. Companik, who departed the position to undertake government service employment in the Office of the Lake County Auditor. Ms. Sury served continuously except for a period of time in late 2014 and early 2015 when under Court Orders in a Lawsuit she commenced against the Town Council of the Town, she was restricted in her duties and responsibilities for the continuation of the functions of the Office. However, upon medical release, Court Orders of limitation were withdrawn by the Trial Court. The cause of action is Sherry P. Sury, Clerk-Treasurer, vs. Michael S. Forbes, Town Council of the Town of St. John, et al., which was docketed under Lake Superior Court Cause No. 45D10-1311-PL-00120. It should be noted that this Lawsuit proceeding was commenced by Ms. Sury in 2013, and maintained through the end of her term of Office December 31, 2015. Successor Clerk-Treasurer Beth R. Hernandez thereafter immediately stipulated with the Town Council to dismissal of the lawsuit proceeding in early February, 2016. Please note this lawsuit circumstance in the Attorney Litigation Opinion Letter supplemental to the Examination Report for this Audit Examination.

The Supplemental Complaint Report reflects ten (10) substantive areas of review and report pertaining to the Clerk-Treasurer. For general response purposes, Town Officials acknowledge the report made by the Field Examiner and Staff regarding the Office of the Clerk-Treasurer. The following should be noted as relevant and critical to the Official Response hereto, and specifically pertaining to the following, namely:

- All ten (10) review areas in the Supplemental Compliance Report, namely:
  - Penalties and Interest
  - Clerk-Treasurer Vacation Pay
  - Bank Account Reconciliations
  - Self-Insurance Funds
  - Reported Utility Collections
  - Overdrawn Cash and Investment Balances
  - Utility Receipts Tax
  - Distribution of Salaries and Wages
  - Payroll
  - Credit Cards

were matters entirely in the control and authority of the Town Clerk-Treasurer

- As all such matters were under the exclusive and sole control and jurisdiction of management, oversight and responsibility by the Town Clerk-Treasurer, neither the Town Council nor Administrative Staff had any knowledge of said issues;
- The matters addressed in each of these areas were essentially basic duties and responsibilities, as well as fund management. These duties and responsibilities were the minimum basics for an official holding such position;
- The totality of the issues and non-compliance items reported reflect an apparent lack of skill, knowledge, and ability. This is unacceptable fiscal and record keeping fiduciary effort, and particularly for a Clerk-Treasurer such as Ms. Sury who had, at taxpayer expense, sought and was issued accreditation credentials, in addition to participating in the minimum attendance responsibilities with the Office of the State Board of Accounts and other State Agencies;

- The totality of conditions reported in non-compliance reflect complete lack of establishment or implementation of internal controls;
- There is an apparent failure of the Clerk-Treasurer to conduct proper transfer and account balance functions, which should be deemed basic fiscal officer fiduciary responsibility;
- The Clerk-Treasurer failed or declined to communicate any issues or non-compliance circumstances to the Town Administrative Staff or Town Council;
- The Clerk-Treasurer reportedly declined to communicate with the Town's Financial Advisors on matters of fiscal controls or issues, including the Town Financial Advisors at H.J. Umbaugh and Associates, and later at Cender & Company;
- Notwithstanding continuing and regular mandatory education, training, and instruction at Clerk conferences, educational seminars, and the like, no internal controls and processes seem to exist;
- With the circumstances identified by the Supplemental Compliance Report, and assessment of the totality of these circumstances, it can be fairly concluded that the dereliction in fulfillment of duties and responsibilities by the Clerk-Treasurer constituted, minimally, gross negligence, and in worse case, more drastic problems.

The circumstances identified and reported, while surprising and embarrassing, have caused an exhaustive review assessment by the current Clerk-Treasurer and her Staff, as well as Town Officials, to address each reported item, identify issues to remedy, and cause compliance. These matters will be identified specifically hereinafter with each of the ten (10) subject areas under Clerk-Treasurer reported in said Supplemental Compliance Report.

### OFFICIAL RESPONSE

**Penalties and Interest.** The Town acknowledges the comments herein. It is the position of the Town that Penalties and Interest matters as reported herein are the entire responsibility of former Clerk-Treasurer Sury. It should be noted that the Town salvaged penalty and interest liabilities on a previous event of negligence or non-compliance by the Clerk-Treasurer through negotiation with the Internal Revenue Service, but that no such waiver relief was available in this latest reported instance, notwithstanding efforts by the current Clerk-Treasurer, Beth R. Hernandez, seeking same. The IRS denied subsequent relief, leaving penalties and interest remaining owing. We understand that Ms. Sury tendered payment in full of penalties and interest owing in the amount of \$2,780.58 on or about February 16, 2017. This should be self-explanatory with the reimbursement payment made.

**Clerk-Treasurer Vacation Pay.** There is full acknowledgement of the comment items herein. As with the previous Penalties and Interest report item, the former Clerk-Treasurer had been included in the Town Salary Ordinance for compensation benefits. However, recordkeeping was completely in the control and custody of the Clerk-Treasurer, with no control in the Town. Ms. Sury controlled payroll and payment of salary and benefits, and notwithstanding her not keeping employee attendance records, payroll was processed, including for herself, each seemingly in non-compliance with applicable law. With regard to her own vacation leave payment not supported by timesheets or employee services records, Ms. Sury repaid on February 16, 2017, the amount of \$6,426.71, as referenced in the Supplemental Compliance report. This reimbursement has been acknowledged and processed by current Clerk-Treasurer Beth R. Hernandez. It should further be noted that current and appropriate internal controls and procedures and record documentation processes are implemented by the current Clerk-Treasurer to support compensation to Town employees and officials.

**Bank Account Reconciliations.** The Town acknowledges the Supplemental Compliance Report information on this matter. These matters were entirely in the control and responsibility of the previous Clerk-Treasurer, Ms. Sury. She apparently failed to comply with the requirements to account and reconcile, which are the most basic of Clerk-Treasurer duties and responsibilities. The Town had no knowledge of these circumstances or issues, which were solely in the control of the Clerk-Treasurer. This significant circumstance reflects an astonishing apparent lack of knowledge and skill for holding the Clerk-Treasurer Office, reflects no internal controls being present, and further reflects a waste of taxpayer funds and time for education, information, and training provided to said Clerk-Treasurer. It should be noted that these matters are under the direct supervision of the current Clerk-Treasurer who has implemented current and appropriate internal controls and procedures for compliance. The conditions reported reflect at best, gross negligence and dereliction by the previous Clerk-Treasurer, or at worse, more significant issues.

**Self-Insurance Funds.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance, including substantial understating and overstating of balances, non-recording of transfers, and various adjustments. The Town acknowledges these comments and repeats herein its same comments as referenced above for Bank Account Reconciliations. Again, the current Clerk-Treasurer has addressed these matters by direct responsibility of the oversight of the functions, establishment of internal controls related to same, and staff training.

**Reported Utility Collections.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance on these utility collections referenced. As is repeatedly identified, the unreconciled reports and receipts are acknowledged. Such information was not known to Town Officials outside the Clerk-Treasurer. These matters were completely in the Control of said Clerk-Treasurer and would be considered a basic duty and responsibility. There is apparent lack of knowledge, internal controls, and management oversight on these matters, and a significant conclusion can be drawn that the Clerk-Treasurer did not have the knowledge or skill set requisite for the responsibilities. Again, in context of the totality of circumstances, these matters can be considered at best, gross negligence, and at worse, much more. This is especially true when it is known that the Clerk-Treasurer declined to communicate with Town Financial Advisors available for purposes of assisting on these matters. The new Clerk-Treasurer has addressed these matters, established procedures and internal controls, and supervises her staff. Further, she has utilized accessibility to the Town Financial Advisors. This matter is and has been addressed going forward.

**Overdrawn Cash and Investment Balances.** The Town acknowledges these Supplemental Compliance Report matters of Non-Compliance. All previous comments regarding the handling of same by the former Town Clerk-Treasurer apply here and should be incorporated. The current Clerk-Treasurer has undertaken all necessary actions to identify deficiencies, establish procedures and internal controls, and correct the areas of non-compliance. The former Clerk-Treasurer should be entirely responsible for, at best gross negligence, and at worse, much more.

**Utility Receipts Tax.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance herein. Reference to neglect by the previous Clerk-Treasurer is made, and acknowledged. All comments on previous sections of the Supplemental Response should be noted and incorporated herein. The current Clerk-Treasurer has likewise acknowledged the report of non-compliance, has reviewed the law, and has undertaken establishment of policies and internal controls for addressing same. Further, the current Clerk-Treasurer will utilize the services of the Town Financial Advisors as well as a specialty educated and trained CPA employee in her Office for such purposes going forward. The actions of the previous Clerk-Treasurer stand described for Official Response purposes as stated.

**Distribution of Salaries and Wages.** The Town acknowledges the Supplemental Compliance Report of Non-Compliance regarding Salaries and Wages. The Annual Town Salary Ordinance has, to the best of the knowledge of Town Officials, been in compliance with the applicable law specified in said Supplemental Compliance Report. The identification of amount of compensation, and source of same, is specified. Notwithstanding same, acknowledgement of the comment is made, and further review assessment will be undertaken.

**Payroll-Payroll Claims and Approvals.** The Town acknowledges the comments contained in the Supplemental Compliance Report sub-section herein. All aspects of lack of knowledge by the Town Administrative and Town Council Offices is repeated herein as is report of exclusive jurisdiction and control in the past Clerk-Treasurer, Ms. Sury. It is further acknowledged that procedures are required to be established for compliance with payroll record keeping and payment. The current Clerk-Treasurer, Beth R. Hernandez, has undertaken said controls, established procedures, and is proceeding in compliance with applicable requirements. The lack of controls, compliance and procedure responsibility on the part of the past Clerk-Treasurer is, again, at best, gross negligence, and at worse, more.

**Information Technology Controls.** This sub-section of the Report topic on Payroll is acknowledged. All the same previous comments regarding circumstances of handling and jurisdictional responsibility by the previous Clerk-Treasurer are repeated herein and incorporated. It should be noted that as a priority matter, procedures and technology are in place for each user to have a unique User ID and Password, which is not to be shared. This is to conform to the requirements of Chapter 7 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns referenced going forward.

**Credit Cards.** The Town acknowledges the comments for Credit Cards in the Supplemental Compliance Report. It is unclear how the controls for credit card usage were not maintained, but all previous comments regarding the handling of basic administrative matters by the previous Clerk-Treasurer of the Town, Ms. Sury, are instructive,

and incorporated herein by reference. As a consequence of this comment, and information provided, the Town Attorney is currently reviewing the current Town Credit Card Usage Regulations Ordinance and preparing draft regulations by Amending Ordinance for consideration by the Town Council and to address the supplemental compliance report comments herein. The Town Council will have this matter before it shortly for review consideration and adoption.

**CONCLUSION.** The foregoing, and totality, improperly reflects lack of institutional control upon all Officials and representatives of the Town of St. John other than the past Clerk-Treasurer, Sherry P. Sury. Unfortunately, the performance and demeanor of the past Clerk-Treasurer resulted in a “bunker mentality” for handling the business of the people of St. John, incoherent communication, and resultant gross negligent duty performance by that Official. The matters identified in said Supplemental Compliance Report to the Examination Report for the period January 1, 2012, to December 31, 2015, are, in all matters, either already addressed and remedied, or in process of same.

## **TOWN COUNCIL**

### **Examination Results and Comments:**

**Trash and Recycling Services.** The Town acknowledges the comments made in the Supplemental Compliance Report regarding the within matter. It was confusing to the Town that the original Contract could not be located for examination. It is the position of the Town that lawful compliance occurred regarding its Contracts for Trash and Recycling pick up services, and that accurate documentation compliant with applicable law was processed in public meeting approval actions. For this response, enclosed please find the following, namely:

- May 9, 2007, approved Contract for Collection of Refuse and Recyclables by the Town with Allied Waste Services;
- First Amendment to Contract for Collection for Refuse and Recyclables by Town with Republic Services, Inc., by merger with Allied Waste Services dated May 27, 2010;
- Second Amendment to Contract for Collection of Refuse and Recyclables by the Town with Republic Services, Inc., by merger with Allied Waste Services dated September 26, 2013; and
- Ordinance No. 1482 of the Town Establishing a Garbage Collection Fee and Regulations Pertaining to the Collection and Disposal of Refuse, Garbage and Recyclables in the Town.

The Town has noted the comments made, and in furtherance of continuing compliance with applicable law, will not renew the subject latest Contract without first undertaking a public bidding process with all bidding requirements as set forth by applicable law to be included. The aforementioned legal documents will be appended hereto as Exhibit “A”.

**Temporary Loans.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Temporary Loans. Notwithstanding said comment, the Town, by action of the Town Council has, by public meeting approval of inter-fund loan repayment forgiveness Resolutions, acted to forgive outstanding loan balance amounts, inclusive of the amount of \$700,000.00 to Cumulative Sewer Fund, and \$581,151.42 to Expansion Fund. A copy of Town Resolution No. 2016-12-15 is enclosed herewith. It is not noted in the supplemental Compliance Report comments of the State Board of Accounts that said Resolution has been made. Please also note that this Resolution was approved by the St. John Town Council in its public meeting of December 15, 2016. The referenced Resolution is attached as Exhibit “B”.

**Ordinance Violations.** The Town acknowledges the comments pertaining to Ordinance Violations under the Town Council section of the Supplemental Compliance Report. The lack of clarity identified is likewise acknowledged. It is unknown how the improper penalty recordation for a Water System Charge ended up being deposited in the General Fund, rather than the Waterworks General Fund, or Water Operating Fund, but those actions and determinations were made by the past Clerk-Treasurer, Sherry P. Sury, whose extensive discovered and identified list of processing deficiencies and non-performance, and all related consequences are already substantially documented hereinabove.

With regard to addressing details of fines and penalties for non-compliance with Town Ordinances, the Town acknowledges the necessity of full review and assessment of same, updating of Ordinances connected therewith, and

confirming the authorities of the Clerk-Treasurer related to civil penalties. Further, the Town will further examine and investigate the status of the Ordinance Violations Bureau documentation and Court Order. These are records that are missing, which were under the recordkeeping authority and jurisdiction of the past Clerk-Treasurer, Sherry Sury. The Town cannot locate a number of relevant public records and documents that it has relied upon for many years, and all during the term of Office of Ms. Sury. A total review and analysis for updating the referenced Ordinances herein is in process.

**Vacation Pay.** The Town acknowledges the comments made in this section of the Supplemental Compliance Report for the Town Council. The Town Personnel Policy Manual is in review for revision and replacement by the Town Attorney. The matters presented in the Supplemental Compliance Report on this matter will be addressed.

**Payroll.** The Town acknowledges the comments for payroll under the Town Council Section of the Supplemental Compliance Report. Please note that the current Clerk-Treasurer has adjusted recordkeeping to conform to the audit comments, consistent with the modernization of the Office of the Clerk-Treasurer and its duties, responsibilities and functions. This update includes assessment and implementation of recognized and acknowledged acceptable forms and reports.

**CONCLUSION.** The foregoing constitutes the Official Response of the Town related to Town Council matters specifically referenced in the Supplemental Compliance Report.

## **POLICE DEPARTMENT**

### **Examination Results and Comments.**

**Moving Traffic Violations.** The Town acknowledges the comments for Moving Traffic Violations in the Supplemental Compliance Report. With regard to Moving Violations, the Town disagrees that it is in non-compliance with the Indiana Code pertaining to Traffic Violations and a Traffic Violations process. However, recognizing the comment made, full supplemental review evaluation and analysis is in process by the Town Attorney. Further update will follow and be provided upon completion of same. The Town is in compliance with the provisions of the Indiana Code for Traffic Violation Deferral Program and its requisite procedures. The Town Attorney, as Attorney for the Town of St. John, a Municipal Corporation, processes said program for deferring actions involving moving traffic violators by compliance with the provisions of I.C. §34-28-5-1(h). The interpretation of payment to the Clerk of the Court for the St. John Program is that payment is made to the Clerk of the Court by Money Order instrument and tendered with executed Deferral Program Agreement through the Office of the Town Clerk-Treasurer to the Town Attorney Office. Then, the Town Attorney Office counter-signs the Deferral Agreement with the qualified moving traffic violator and simultaneously thereafter files the Counter-signed Agreement and payment in one (1) package to the Clerk of the Court for processing. Each of the Office of the Town Attorney, Clerk of the Lake Superior Court, County Division, and jurisdictional Court of Record have concurred in this process. The Town believes and is of the position that it has complied with applicable law in this Moving Traffic Violation Deferral Program activity.

**Animal Control Fees.** The Town acknowledges the review comment in the Supplemental Compliance Report under the Town Police Department for Animal Control Fees, but respectfully objects to its accuracy. Town Ordinance No. 1633, adopted September 22, 2016, adopted a replacement **SECTION THIRTEEN** for said Town Animal Control Regulations Ordinance No. 1466, establishing an adoption fee for the adoption of a dog or cat in the amount of Two Hundred Dollars (\$200.00). A copy of said Town Ordinance No. 1633 is enclosed herewith and marked Exhibit "C".

**CONCLUSION.** The foregoing constitutes the Town Official Response to the Supplemental Compliance Report pertaining to the Town Police Department. The matters pertaining to Moving Traffic Violations will be the subject of further review, analysis and adjustment, if legally required.

## **EMERGENCY MANAGEMENT DEPARTMENT**

### **Examination Results and Comments**

**Computer Software For Emergency Medical Services Billing and Collections.** The Town acknowledges the comments pertaining to the Town Emergency Medical Services Billings and Collections. The constructive comments are substantive and noted. It has been concluded that deficiencies and issues occurring from current

procedures and software are directly the result of outdated and inadequate software, applications, and programming. The Town is in process of reviewing and analyzing current and foreseeable needs for replacement and upgrade of the hardware and software currently in use. With such should come the corrections appropriate and required consistent with the comments made in this Supplemental Compliance Report.

**CONCLUSION.** The foregoing Official Response comments are self-explanatory. The Town is committed to modern, efficient, and quality computer equipment and software for its business uses, including Emergency Medical Service billing functions.

## **PARK DEPARTMENT**

### **Examination Results and Comments.**

**Park Department Fees.** The Town acknowledges the Supplemental Compliance Report Comments pertaining to Town Park Department Fees. First, with regard to Shelter Rental Agreements and same not being retained for examination for 2014 and 2015, it is unknown what occurred to the records. The Town acknowledges that a number of records have been misplaced, lost, or removed from the Town Clerk-Treasurer's Office during the term of Office of Sherry P. Sury, ending December 31, 2015. Apparently, you were unable to review Shelter Rental Agreements for 2014 and 2015, during the term of Office of Ms. Sury, who was responsible for permanent recordkeeping. The Town is likewise unable to answer or respond to review inquiry on Shelter Rentals for the period in question. The Town is further unaware of any official action taken by former Clerk-Treasurer Sury to legally destroy public documents, including Park Rental Shelter Agreements. The position of the Town is that such recordkeeping was and is the responsibility of the seated Clerk-Treasurer. For period of time of the audit examination, and the specific years in question, that would be Ms. Sury. The current Clerk-Treasurer has established internal controls, modern recordkeeping processes, and protocols for internal procedures on same.

With regard to fees charged by the Town Park Department, such Ordinances establishing fees have existed for a number of years. On May 11, 1992, the then-Town Council adopted Park and Recreation Fee Ordinance No. 890. This Ordinance was thereafter amended and updated by Ordinance 1029 on December 26, 1996, Ordinance No. 1084 on November 23, 1998, Ordinance No. 1113 on the 25th day of March, 1999, Ordinance No. 1154 on February 24, 2000, Ordinance No. 1170 on April 27, 2000, Ordinance No. 1364 on October 21, 2004, and Ordinance No. 1488 on March 19, 2009. Please note that these Ordinances, including the latest Ordinance No. 1488 pertaining to Fee Schedule for Park and Recreation Department Activities, have remained in full force, and establish fees for use of Parks. The Town position is that it has the requisite Ordinances for charging and collecting fees as required by applicable law. A copy of said Ordinances are attached hereto as Group Exhibit "D".

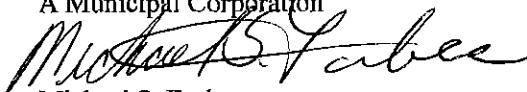
**CONCLUSION.** The foregoing represents the position of the Town of St. John that it has complied with law and requisite requirements on Fee Establishment. Town Officials are unable to answer as to the status of Park Shelter Rental Agreements not located in 2014 and 2015. If located, and uncovered, same will be provided.

**CONCLUSION**

The foregoing constitutes the Official Response position of the Town of St. John, Lake County, Indiana, a Municipal Corporation, to the Financial Statements-Examination Report of the Town by the Indiana State Board of Accounts for the period of January 1, 2012, to December 31, 2015. It is our understanding that the Financial Examination Report, Supplemental Compliance Report, and Town Official Response, including that of former Clerk-Treasurer Sury, if any she makes, and the Town Attorney Litigation Opinion will be processed and made public on or after March 17, 2017.

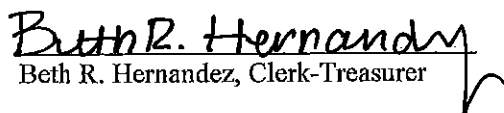
Very truly yours,

TOWN OF ST. JOHN,  
LAKE COUNTY, INDIANA,  
A Municipal Corporation



By: Michael S. Forbes,  
Town Council President

ATTEST:

  
Beth R. Hernandez, Clerk-Treasurer

Enclosures: Exhibits, as noted.

*The Official Response from the Town of St. John Town Council President also included Exhibits labeled A to D which are not included in this Report. These exhibits are available upon request made to the Indiana State Board of Accounts.*



PARK DEPARTMENT  
TOWN OF ST. JOHN  
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2017, with Stephen Kil, Town Manager; Beth Hernandez, Clerk-Treasurer; David M. Austgen, Town Attorney; and Michael Forbes, President of the Town Council.