

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LAFONTAINE

WABASH COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
05/24/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Danielle Stouffer	01-01-12 to 06-01-13
	(Vacant)	06-02-13 to 06-08-13
	Deborah Gregg	06-09-13 to 12-01-13
	(Vacant)	12-02-13 to 12-15-13
President of the Town Council	Cynthia Erb	12-16-13 to 12-31-19
	Dan Guenin	01-01-12 to 12-31-14
	Gary Henderson	01-01-15 to 12-31-15
	Jay Gillespie	01-01-16 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TOWN OF LAFONTAINE, WABASH COUNTY, INDIANA

This report is supplemental to our examination report of the Town of LaFontaine (Town), for the period from January 1, 2012 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

April 6, 2017

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CLERK-TREASURER
TOWN OF LAFONTAINE

CLERK-TREASURER
TOWN OF LAFONTAINE
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were prepared; however, the reconcilments were not prepared in a timely manner and contained unidentified differences.

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."

OVERDRAWN CASH BALANCES

The financial statements presented for examination included the following funds with overdrawn cash balances at the end of year shown below:

Years	Fund	Amount Overdrawn
2012	Water Utility-Operating	\$ 9,986
2012	Trash	7,522
2013	Payroll - Insurance	712
2013	Fire	19,466
2013	Payroll	6,337
2014	Fire	5,603
2015	Wastewater Utility-Debt Reserve	6,660
2015	Water Utility-Depreciation/Improve	1,364
2016	Wastewater Utility-Depreciation/Improve	2,090

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF LAFONTAINE
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

Expenditures were in excess of budgeted appropriations for the following funds in the years shown below:

Years	Fund	Amount Overdrawn
2012	General	\$ 20,561
2013	Fire	37,658
2014	General	6,090
2014	Rainy Day	6,292
2014	Fire	2,828
2014	Park and Recreation	1,634

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PENALTIES, INTEREST, AND OTHER CHARGES

On December 5, 2016, the Town received a notice from the Internal Revenue Service (IRS) of penalties and interest due for failure to file the 2013 Form W-2s with the Social Security Administration. The penalties and interest assessed totaled \$16,842. The Town is attempting to have the IRS waive the penalties and interest. As of the date of this report, the IRS has not responded to the Town's request.

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)

CLERK-TREASURER
TOWN OF LAFONTAINE
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2017, with Cynthia Erb, Clerk-Treasurer; Jay Gillespie, President of the Town Council; Lori Brane, Town Council member; and Janet Pattee, Town Council member.

The contents of this report were discussed on April 7, 2017, with Danielle Stouffer, former Clerk-Treasurer.