

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF NEW MARKET

MONTGOMERY COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
09/25/2015



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy Fisher Darlene K. Servies	01-01-08 to 12-31-14 01-01-15 to 12-31-15
President of the Town Council	Carl Keller Joe Dodds	01-01-11 to 12-31-12 01-01-13 to 12-31-15
Superintendent of Utilities	Dennis Gentry	01-01-11 to 12-31-15



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF NEW MARKET, MONTGOMERY COUNTY, INDIANA

This report is supplemental to our examination report of the Town of New Market (Town), for the period from January 1, 2011 to December 31, 2014. 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

August 11, 2015

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CLERK-TREASURER  
TOWN OF NEW MARKET

CLERK-TREASURER  
TOWN OF NEW MARKET  
EXAMINATION RESULTS AND COMMENTS

***ANNUAL FINANCIAL REPORT***

The Annual Financial Report for 2011, 2012, 2013, and 2014 did not include the Payroll fund. The Payroll fund was material to the financial statements. Audit adjustments were recommended to and accepted by the officials. The financial statements presented reflect these adjustments and result in a presentation of financial statements that are materially correct.

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) and the Annual Financial Report (AFR) for 2011 were not filed timely. The Form 100-R was due by the end of January 2012 and the AFR was due March 1, 2012. Both the Form 100-R and the AFR were filed March 15, 2012, which was 44 days and 14 days, respectively, past the due date.

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

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

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."

***OFFICIAL BOND***

The Surety Bond for the former Clerk-Treasurer was in the amount of \$15,000. The statutory minimum amount of coverage was \$30,000.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers. . . .

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:



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

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

**DEPOSITS**

Receipts were deposited later than the next business day in ten percent of receipts tested. A number of receipts had a second "posted" date written on the receipt. This second date, which corresponded to when the receipt was posted to the records, was always prior to the actual receipt date. An examination of the bank statements showed that on average only six to seven deposits were made per month.

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

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

**CREDIT CARDS**

The Town used credit cards to purchase items without an approved credit card policy. Not all credit card payments reviewed had supporting documentation for the charges.

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

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.

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

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

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***TRAVEL POLICY***

During our review of travel claims, it was determined that a formal travel policy was not established. Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***COMPENSATION AND BENEFITS***

Compensation and benefits were paid to three employees who were not included on the salary ordinance or resolution. Those employees were the maintenance employees and the water meter reader.

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER  
TOWN OF NEW MARKET  
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2015, with Darlene K. Servies, Clerk-Treasurer, and Joe Dodds, President of the Town Council.

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WATER UTILITY  
TOWN OF NEW MARKET

WATER UTILITY  
TOWN OF NEW MARKET  
EXAMINATION RESULT AND COMMENT

***ORDINANCES AND RESOLUTIONS***

The Town Council approved a water rate increase that should have been implemented on August 1, 2013. However, the new rates were not implemented until the November 2013 billing.

Also, the Town did not consistently apply penalties to customers. Of the utility bills tested, it was noted that two customers paid their bills late and penalties were not assessed.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

WATER UTILITY  
TOWN OF NEW MARKET  
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2015, with Darlene K. Servies, Clerk-Treasurer, and Joe Dodds, President of the Town Council.

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WASTEWATER UTILITY  
TOWN OF NEW MARKET

WASTEWATER UTILITY  
TOWN OF NEW MARKET  
EXAMINATION RESULT AND COMMENT

***ORDINANCES AND RESOLUTIONS***

The Town Council approved a wastewater rate increase that should have been implemented on August 1, 2013. However, the new rates were not implemented until the November 2013 billing.

Also, the Town did not consistently apply penalties to customers. Of the utility bills tested, it was noted that two customers paid their bills late and penalties were not assessed.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

WASTEWATER UTILITY  
TOWN OF NEW MARKET  
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2015, with Darlene K. Servies, Clerk-Treasurer, and Joe Dodds, President of the Town Council.