

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF PLYMOUTH

MARSHALL COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
02/26/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Toni L. Hutchings Jeanine M. Xaver	01-01-12 to 09-30-14 10-01-14 to 12-31-19
Mayor	Mark Senter	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Mark Senter	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Michael A. Delp	01-01-14 to 12-31-15
Superintendent of Utilities	Donnie Davidson	01-01-14 to 12-31-15



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 CITY OF PLYMOUTH, MARSHALL COUNTY, INDIANA

This report is supplemental to our examination report of the City of Plymouth (City), for the period from January 1, 2014 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 City. It should be read in conjunction with our Financial Statement Examination Report of the City, which provides our opinion on the City's financial statement. 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

November 24, 2015

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CLERK-TREASURER
CITY OF PLYMOUTH

CLERK-TREASURER
CITY OF PLYMOUTH
EXAMINATION RESULT AND COMMENT

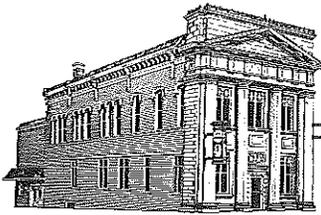
CREDIT CARDS

The City of Plymouth used credit cards to purchase items without an approved credit card policy. Subsequent to the audit period on December 14, 2015, the Board of Public Works passed Resolution No. 2015-677, authorizing the use of credit cards by city employees and officials in the performance of city duties.

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.
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)



City of Plymouth

Mark Senter
Mayor

124 N. Michigan Street P.O. Box 492
Plymouth, Indiana 46563
www.plymouthin.com

Jeanine M. Xaver
Clerk-Treasurer

City Attorney
Sean Surrisi
124 N. Michigan Street
P.O. Box 492
Plymouth, Indiana 46563
Telephone (574) 936-2948

Council
Mike Delp
Duane Culp
Don Becker, Jr.
Wayne Smith
Shawn Grobe

December 2, 2015

Lisa David
Indiana State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765
Sent by e-mail only to: ldavid@sboa.in.gov

Re: **OFFICIAL RESPONSE**
Regarding comments in the Field Examiners'
Supplemental Compliance Report for the City of Plymouth,
January 1, 2014 to December 31, 2014

Dear Ms. David:

I write to you at the request of Plymouth Clerk-Treasurer Jeanine M. Xaver to provide the City of Plymouth's Official Response to the Field Examiners' Examination Results and Comments (attached as Exhibit A), which were presented at a November 24, 2015 Exit Conference.

Credit Cards

The first comment addressed the City's usage of credit cards without an approved credit card policy. The City acknowledges its lack of such a policy. However, the City does note that its past keeping, usage, and accounting of its credit card was conducted in a manner compliant with the standards set forth in Chapter 7 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns. Since the Exit Conference, a Credit Card Policy has been drafted (Exhibit B) and will be submitted for approval by the Plymouth Board of Public Works and Safety at its next meeting on Monday, December 14, 2015. Upon adoption of the policy, the City will send you a signed copy of the authorizing resolution for your report.

Collection of Amounts Due

The second comment addressed a previously unpaid amount due under a crop lease between the Plymouth Board of Aviation Commissioners (BOAC) and farm tenant Jonathon Ganshorn. The comment noted that it was made after review of "contracts and payments posted to the general ledger account" and "conversation with the Deputy Treasurer." However, additional context is required to fully understand the status of the lease payment. The 2011 Crop Lease (Exhibit C) allowed Mr. Ganshorn to cultivate alfalfa in the "[o]pen areas around the

runway, buildings, and hangars at Plymouth Municipal Airport, all located within the fence.” (Exhibit C, ¶ 1). The BOAC has an obligation to maintain appropriate sight lines and approach clearances for safety in areas around the runway. Maintaining the surrounding vegetation also helps mitigate wildlife and other hazards to aircraft. Thus, aside from generating some income for the BOAC, the Crop Lease allows the airport to meet its obligations and avoid the costs of mowing the fields surrounding the runway with airport staff and equipment.

At the September 10, 2013 BOAC meeting, Mr. Ganshorn described his difficulties farming portions of the airport property due to drainage issues (Exhibit D, p. 1). The BOAC agreed to renegotiate the Crop Lease to reflect the drainage problems and it directed Airport Manager Dave Lattimer to investigate needed maintenance of the drainage structures on the property. At the October 8, 2013 BOAC meeting, a Modification of Crop Lease was approved to address the drainage problems (Exhibits E and F). The Modification of Crop Lease provided that “[t]he parties agree that the annual Lease Rental may be adjusted to account for the portion of such property that is not tillable during any given year.” (Exhibit F, ¶ 2). The Modification called for Mr. Ganshorn and the Airport Manager to agree upon the amount of any rent adjustment due to water concerns in November of any given year and for Mr. Ganshorn to pay the full amount of the rent if an agreement could not be reached until such time as the disputed rent amount was settled by the BOAC. (Exhibit F, ¶ 2).

Partly in response to Mr. Ganshorn’s concerns, during 2014, the BOAC sought to improve the airport’s drainage and farmability through the installation of new storm water drains, investigation of sink holes (Exhibit G, pp. 1-2), and the removal of brush and other vegetation near fence rows (Exhibit H, pp. 1-3). In October of 2014, the BOAC approved the dredging of an airport ditch to further alleviate drainage issues (Exhibit I). Later that year, Mr. Ganshorn appeared before the BOAC to express his concerns regarding continued water issues and runway construction, noting that “production is not what it should be due to water levels” (Exhibit J, p. 1). At the time, Mr. Ganshorn had not yet paid the full rent amount required under the Crop Lease and Modification and he asked the BOAC “if that would come out of his pocket until the board determines the change in the acreage” due to the water problems and runway expansion (Exhibit J, p. 1). In response, the BOAC agreed that it “would make changes in the contract” (Exhibit J, p. 2). The BOAC’s assessment of the allowable adjustments and ultimate amount due under Mr. Ganshorn’s Crop Lease for the year spilled over into 2015. Assessment and remediation of the drainage problems at the airport also continued throughout 2015 (Exhibit K, p. 2; Exhibit L, pp. 1-2; Exhibit M, p. 2; and Exhibit N, p. 3).

On October 16, 2015, the Airport Manager and Mr. Ganshorn signed an Addendum to Modification of Crop Lease of October 16, 2013 agreeing to a reduction in the tillable acreage for the 2014 growing year to 19 acres at \$60.00 per acre for a total rent payment of \$1,140.00, which was received by the City on that date (Exhibit O). At its November 10, 2015 meeting, the BOAC voted to ratify the Addendum and payment negotiated by the Airport Manager, finally settling the amount Mr. Ganshorn owed for 2014 (Exhibit P, pp. 2-3). In deciding to modify Mr. Ganshorn’s Crop Lease for 2014, the BOAC was within the purview of its statutory powers, which expressly include the powers to: “lease all or part of an airport,” “to fix, charge, and collect rentals,” with “[a]ll contracts and leases [being] subject to restrictions and conditions that the board prescribes.” Indiana Code § 8-22-2-5(b)(5). With that being said, going forward, the

BOAC acknowledges that collecting rental payments for one fiscal year in another is not a preferred situation. At the November 2015 BOAC meeting, the Airport Manager stated that the delay in settling the payment dispute as the board had directed was due to his “oversight” (Exhibit P, p. 2) and “City Attorney Surrisi noted that the agreement henceforth needs to have verbiage that makes the payment clear for both parties” (Exhibit P, p. 3). Even though the drainage issues at the airport have been largely resolved due to the remediation efforts of the past years, the BOAC agreed with that recommendation and the parties are currently working to renegotiate the Crop Lease for 2016 forward with a reasonable fixed price that will be due regardless of drainage issues that may arise. Providing that certainty should make for more efficient accounting in future years. The planned contract revisions will also assure that the BOAC receives a fair payment without the administrative burdens of reassessing the amount of tillable land each year, while fulfilling its obligation to maintain the airport property’s vegetation with less effort by airport staff.

Should you have any further questions in this regard, please feel free to contact me at any time.

Sincerely,



Sean Surrisi
Plymouth City Attorney

CC: Clerk-Treasurer Jeanine Xaver
Mayor Mark Senter
Common Council President Mike Delp

****Not all exhibits or illustrations from the original Official Response are included in the report, but are available for inspection upon request.***

Exhibit B

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RESOLUTION NO. 2015-677

**RESOLUTION OF THE
PLYMOUTH BOARD OF PUBLIC WORKS AND SAFETY
AUTHORIZING CREDIT CARD USE**

WHEREAS, the City of Plymouth seeks to authorize the use of credit cards by City employees and officials in the performance of City duties, when such use is in the best interest of the City. With that goal in mind, pursuant to the State Board of Accounts' Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7, the purpose and intent of this resolution is to establish a Credit Card Use Policy.

NOW, THEREFORE, BE IT RESOLVED by the Board of Public Works and Safety of the City of Plymouth as follows:

Section 1. The City of Plymouth now establishes the following Credit Card Use Policy:

Credit Card Use Policy

1. **Authority & Purposes.** The Clerk-Treasurer is authorized to open and maintain credit card accounts on behalf of the City of Plymouth, with such cards to be used for the purchase of materials or supplies, as needed, and for any other purposes in the best interest of the City.
2. **Custody & Use Log.** City credit cards will remain in the custody of the Clerk-Treasurer or her designee who will maintain an accounting system or log of all card usage, which is compliant with applicable Indiana State Board of Accounts guidelines. Once authorized credit card transactions are completed, any user shall promptly return the card to the Clerk-Treasurer's custody.
3. **Disallowed Charges** Credit card charges that do not meet audit requirements, including the imposition of sales taxes for which the City is otherwise exempt, are the personal responsibility of the official or employee authorizing the charge. The City will take all necessary steps to obtain reimbursement of charges that do not meet audit requirements, including, but not limited to, the garnishment of the charging official's or employee's City wages.
4. **Audit Requirements.** Payment of credit card bills shall be subject to the audit requirements of accounts payable vouchers in conformity with IC 5-11-10 and IC 36-4-8 and the regulations of the Indiana State Board of Accounts. Itemized receipts are required for all credit card purchases. Payment will not be made on the basis of a credit card statement. Signed charge slips showing a total charge only, without an itemization of items purchased, are not acceptable. It is the personal responsibility of the

official or employee authorizing the charge to obtain proper itemized receipts.

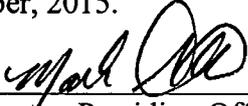
5. Interest & Penalties. All claims for payment must be properly itemized and documented. Improperly itemized or documented charges, as well as all interest, carrying charges and/or penalties incurred due to late filing or delay in forwarding proper documentation, shall be the personal responsibility of the official or employee that authorized the charge.

6. Lost or Stolen Cards. The Clerk-Treasurer shall be notified immediately if a credit card is lost or stolen. If a credit card is lost due to the negligence on the part of a City official or employee, he or she shall be personally responsible for any expenses incurred on the lost credit card.

7. Annual Fees. The Clerk-Treasurer is authorized to pay the annual fees, if any, associated with credit cards maintained under this policy.

Section 2. The Credit Card Use Policy established by Section 1 above, shall have no impact upon the Plymouth Park Department's credit card use policy adopted on June 5, 2000, which remains in full force and effect.

PASSED AND ADOPTED this 14th day of December, 2015.



Mark Senter, Presiding Officer

ATTEST:



Jeanine M. Xaver, Clerk-Treasurer

CLERK-TREASURER
CITY OF PLYMOUTH
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2015, with Jeanine M. Xaver, Clerk-Treasurer; Michael A. Delp, President Pro Tempore of the Common Council; and Mark Senter, Mayor.

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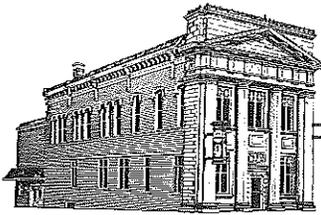
AVIATION
CITY OF PLYMOUTH

AVIATION
CITY OF PLYMOUTH
EXAMINATION RESULT AND COMMENT

COLLECTION OF AMOUNTS DUE

The City of Plymouth Board of Aviation entered into a crop lease in 2013. A review of contracts and payments received revealed that as of December 31, 2014, \$2,910 was due to the City based on this lease. Subsequent to the audit period, the Board of Aviation Commissioners and Lessee signed an addendum to the original crop lease, which reduced the farmable acreage due to weather conditions and airport drainage problems for calendar year 2014. The new agreed upon lease amount was \$1,140, which was paid by the lessee on October 16, 2015.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)



City of Plymouth

Mark Senter
Mayor

124 N. Michigan Street P.O. Box 492
Plymouth, Indiana 46563
www.plymouthin.com

Jeanine M. Xaver
Clerk-Treasurer

City Attorney
Sean Surrisi
124 N. Michigan Street
P.O. Box 492
Plymouth, Indiana 46563
Telephone (574) 936-2948

Council
Mike Delp
Duane Culp
Don Ecker, Jr.
Wayne Smith
Shawn Grobe

December 2, 2015

Lisa David
Indiana State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

Sent by e-mail only to: ldavid@sboa.in.gov

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Should you have any further questions in this regard, please feel free to contact me at any time.

Sincerely,



Sean Surrisi
Plymouth City Attorney

CC: Clerk-Treasurer Jeanine Xaver
Mayor Mark Senter
Common Council President Mike Delp

****Not all exhibits or illustrations from the original Official Response are included in the report, but are available for inspection upon request.***

AVIATION
CITY OF PLYMOUTH
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2015, with Jeanine M. Xaver, Clerk-Treasurer; Michael A. Delp, President Pro Tempore of the Common Council; and Mark Senter, Mayor.