

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF VERSAILLES

RIPLEY COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
05/20/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kiersten B. Libby	01-01-08 to 12-31-19
President of the Town Council	John Holzer Sue Meisberger Steve Mathes	01-01-11 to 12-31-11 01-01-12 to 12-31-14 01-01-15 to 12-31-16
Superintendent of Utilities	Kevin Hensley	01-01-11 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF VERSAILLES, RIPLEY COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Versailles (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/.

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

March 28, 2016

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CLERK-TREASURER
TOWN OF VERSAILLES

CLERK-TREASURER
TOWN OF VERSAILLES
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

Fund	Years	Expended
Motor Vehicle Highway	2011	\$ 2,032
Park & Recreation	2011	21,172
General Fund	2012	15,465
Motor Vehicle Highway	2012	75,885
Park & Recreation	2012	52,512
General Fund	2013	8,888
Park & Recreation	2013	36,457
General Fund	2014	88,500
Motor Vehicle Highway	2014	9,187
Park & Recreation	2014	15,086

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."

ANNUAL FINANCIAL REPORT

The Annual Financial Reports for 2011, 2012, 2013, and 2014 contained a number of errors and did not agree with the Town's records. Receipts and disbursements were over(under)stated by the following amounts:

Description	Years	Over (Under) Stated
Receipts	2011	\$ (14,548)
Disbursements	2011	(24,165)
Receipts	2012	(144,472)
Disbursements	2012	(127,625)
Receipts	2013	71,017
Disbursements	2013	255,452
Receipts	2014	(152,951)
Disbursements	2014	(142,349)

Adjustments were proposed, approved by management, and made to the financial statements contained in the report.

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

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."

CAPITAL ASSETS

The Town has not properly maintained a complete inventory of capital assets owned. No inventory of capital assets was presented for examination.

A similar comment appeared in prior Reports B33623, B38399, and B40268.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The Clerk-Treasurer did not obtain an individual Surety Bond for the years 2012, 2013, or 2014.

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.

(2) Town judges and clerk-treasurers. . . .

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) . . . 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:

(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).

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

- (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."

CUSTOMER DEPOSIT REGISTER NOT RECONCILED

The detailed customer deposit register did not reconcile with the funds ledger balance for the Water Utl Meter Deposit fund at December 31, 2014. The funds ledger balance exceeded the customer deposit register balance by \$19,331.

A new customer deposit register was created during the current examination period. We noted inactive accounts with unclaimed customer deposits were not carried forward to the new customer deposit register.

A similar comment appeared in prior Reports B33623, B38399, and B40268.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Town of Versailles

Kiersten Libby, Clerk-Treasurer

118 W Water Street
PO Box 436
Versailles, IN 47042-0436

Phone 812 689-6181
Fax 812 689-5177
twnversa@comcast.net

April 6, 2016

To whom it may concern:

The Town of Versailles would like to formally respond to our recent audit. At the completion of the audit, the errors with the Annual Financial Report had been corrected by the Clerk-Treasurer.

The town attorney, Larry Eaton is working on a capital asset inventory, and it will be maintained properly from this time forward.

The Clerk-Treasurer was not bonded due to an error by the insurance company, Hardy Insurance. The bond has been obtained, and was filed by the insurance company.

The Deputy Clerk-Treasurer is in the process of reconciling the customer deposit ledger. The ledger will be reconciled monthly.

Thank you,

Kiersten Libby
Town of Versailles
Clerk-Treasurer

CLERK-TREASURER
TOWN OF VERSAILLES
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2016, with Kiersten B. Libby, Clerk-Treasurer and Steve Mathes, President of the Town Council.

PARKS DEPARTMENT
TOWN OF VERSAILLES

PARKS DEPARTMENT
TOWN OF VERSAILLES
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS - PARK RECEIPTS

The Parks Department internal controls over receipts were insufficient. The Parks Department collected receipts and remitted them to the Clerk-Treasurer for deposit. There was no record of softball, baseball or soccer fees showing the number of participants or fees charged presented for examination. There was no record presented for examination to account for concession sales. Receipts from these activities could not be verified.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARKS DEPARTMENT
TOWN OF VERSAILLES
EXIT CONFERENCE

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TOWN COUNCIL
TOWN OF VERSAILLES

TOWN COUNCIL
TOWN OF VERSAILLES
EXAMINATION RESULTS AND COMMENTS

CREDIT CARDS

The Town Marshall used a credit card to purchase items. The Town Council authorized credit card use through a resolution, however the resolution did not address the information required to be included in a credit card policy.

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

1. The governing 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)

TOWN COUNCIL
TOWN OF VERSAILLES
EXAMINATION RESULTS AND COMMENTS
(Continued)

TRAVEL POLICY

Payments were made during the examination period to a Town employee for travel expenses, including mileage, hotels, and food purchases. A written travel policy was not presented for examination.

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)

POLICE BUY MONEY

The Town Marshall utilized a "buy money" program. An ordinance establishing the Police Buy Money Program and authorizing the associated expenditures was not presented for examination.

The following procedures shall be followed if a municipality wishes to obtain an appropriation and make expenditures for buy money or payments to informants:

1. under IC 36-1-3 an ordinance shall be passed allowing this type of program and associated expenditures;
2. an appropriation for such purpose must be obtained in the manner authorized by state statutes;
3. petty cash fund procedures are to be followed as authorized by IC 36-1-8-3; and
4. A minimum documentation procedure must be followed, similar to either:
 - A. "*Guidelines for the Expenditure of Confidential Funds*," published by the U. S. Department of Criminal Justice.
 - B. "*Guidelines For Obtaining and Accounting For Confidential Funds Used in Support of Criminal Investigations*," (Revised S.O.P. PR – INV-009), by the Indiana State Police Department.

(Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2014)

TOWN COUNCIL
TOWN OF VERSAILLES
EXIT CONFERENCE

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