

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CARTHAGE

RUSH COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED

08/04/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda A. McMahan	01-01-12 to 12-31-19
President of the Town Council	Marsha Dyer William "Bill" Davis	01-01-13 to 03-31-14 04-01-14 to 12-31-16
Superintendent of Utilities	Joshua Douglas	01-01-13 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CARTHAGE, RUSH COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Carthage (Town), for the period from January 1, 2013 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 Statement Examination Report of the Town, which provides our opinion on the Town'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

April 25, 2016

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CLERK-TREASURER
TOWN OF CARTHAGE

CLERK-TREASURER
TOWN OF CARTHAGE
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statement presented for examination included the following funds with overdrawn cash balances at December 31, 2013, and December 31, 2014.

Fund	Years	Amount Overdrawn
Motor Vehicle Highway	2013	\$ 2,318
Motor Vehicle Highway	2014	8,704
Local Law Enf Cont Ed	2013	1,695
Local Law Enf Cont Ed	2014	977
Payroll Fund	2013	100,771
Payroll Fund	2014	190,558
Sanitation Fund	2013	10,956
Sanitation Fund	2014	10,258
Water Operating	2013	2,551
Water Operating	2014	8,690

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

ANNUAL FINANCIAL REPORT

The Annual Financial Report (AFR) for 2013 was not filed electronically until March 13, 2014. The AFR for 2014 was not filed electronically until April 15, 2015. The AFRs are to be filed not later than 60 days after the close of each fiscal year.

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."

APPROPRIATIONS

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

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

Fund	Years	Excess Amount Expended
Motor Vehicle Highway	2013	\$ 28,081
Motor Vehicle Highway	2014	28,832

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."

ERRORS ON CLAIMS

A test of claims identified the following deficiencies with an error rate greater than 10 percent:

- Of the claims tested, 30 percent did not have Fiscal Officer approval. This error resulted in \$471 of expenditures which did not have proper Fiscal Officer approval.

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

CLERK-TREASURER
TOWN OF CARTHAGE
EXIT CONFERENCE

The contents of this report were discussed on April 25, 2016, with Linda A. McMahan, Clerk-Treasurer, and William "Bill" Davis, President of the Town Council.