

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF OSSIAN

WELLS COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
11/07/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeannette M. Dickey	01-01-12 to 12-31-19
President of the Town Council	Teresa Hughes-Lazzell W. Bradley Pursley	01-01-12 to 12-31-12 01-01-13 to 12-31-16
Town Manager	Luann J. Martin	01-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF OSSIAN, WELLS COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Ossian (Town), for the period from January 1, 2012 to December 31, 2015. 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

September 22, 2016

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CLERK-TREASURER
TOWN OF OSSIAN

CLERK-TREASURER
TOWN OF OSSIAN
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not agree with the bank balances at December 31 as follows:

December 31, 2012, the bank account balances exceeded the fund balances by \$61,496.
December 31, 2013, the bank account balances exceeded the fund balances by \$159,269.
December 31, 2014, the bank account balances exceeded the fund balances by \$225,276.
December 31, 2015, the bank account balances exceeded the fund balances by \$237,788.

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."

CONDITION OF RECORDS

The Annual Financial Reports (AFR) filed for 2012, 2013, 2014, and 2015 contained numerous errors and did not match the Town's records.

Regulatory reports: The financial statements presented for examination did not agree with the Town's records. We were unable to determine correct amounts for the receipts because the Town's Fund Reports, Revenue Reports, and the AFR did not agree. We were unable to determine correct amounts for the disbursements because the Town's Fund Reports, Expense Reports, and the AFR did not agree.

Schedule of Expenditures of Federal Awards (SEFA): No federal expenditures were reported on the AFR; however, there were federal expenditures that should have been reported for 2013.

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)

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."

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2012, due March 1, 2013, was not filed electronically until April 30, 2013.

CLERK-TREASURER
TOWN OF OSSIAN
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."

CLAIMS NOT APPROVED BY CLERK-TREASURER

The Clerk-Treasurer did not sign the Accounts Payable Vouchers or the Allowance for Accounts Payable Vouchers Docket during the examination period.

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: . . .

- (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."

LACK OF SUPPORTING DOCUMENTATION FOR CREDIT CARD PAYMENTS

Of the credit card claims tests, 30 percent did not have adequate supporting documentation.

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

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

(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."

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
General	2012	\$ 148,834
Motor Vehicle Highway	2012	76,750
Economic Development Operating	2012	201,798
General	2013	17,678
Parks And Recreation	2013	24,897
Cumulative Capital Development	2013	391
General	2014	13,889
Motor Vehicle Highway	2014	898
Rainy Day	2014	1,109
General	2015	1,734
Motor Vehicle Highway	2015	6,182
Parks And Recreation	2015	58
Loit-Public Safety	2015	4,000
Economic Development Operating	2015	99,262

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 AND INTEREST PAID

On May 21, 2015, the Water Utility paid \$310 to the Indiana Department of Revenue for penalties and interest on the late payment of the January 2015 sales tax liability.

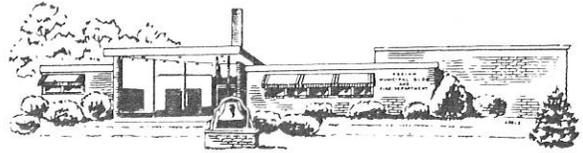
The Town paid \$794 to the Indiana Department of Revenue for penalties and interest on four late payments of state and county withholding taxes during the examination period.

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 governmental unit.

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

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 governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)



CORRECTIVE ACTION PLAN

Findings 2012-2015

Contact Person Responsible for Corrective Action: Jeannette Dickey
Contact Phone Number: 260-622-4251

Description of Corrective Action Plan:

Bank Account Reconciliations

Every effort will be made to reconcile the Town's fund balances with the bank before the Year-end Report is submitted in Gateway in 2017 for the 2016 year.

When the funds are reconciled with the bank the Year-end Report in Gateway should be able to be submitted correctly. The Town has also purchased an additional Frey Program to upload the files instead of manually entering them, which should eliminate any typing errors.

A Schedule of Expenditures of federal awards will be completed in Gateway for years 2016 and later.

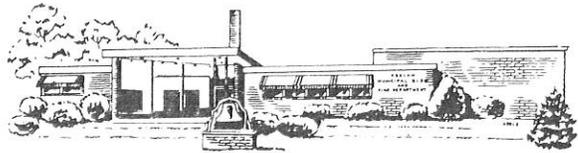
An internal control system is in the process. Every effort will be made to have this in place by December 31, 2016.

Anticipated Completion Date: December 31, 2016

Annual Report

Every effort will be made to submit the Annual Report in Gateway in accordance with IC 5-14-3.8-7.

Anticipated Completion Date: February 28, 2017



507 NORTH JEFFERSON
OSSIAN, INDIANA 46777
(260) 622-4251
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Claims Not Approved by Clerk-Treasurer

For years 2016 and later all Accounts Payable Dockets will be signed in accordance with IC 5-11-10-6.1. This has already been implemented.

Anticipated Completion Date: September 30, 2016

Lack of Supporting Documents for Credit Card Purchases

An official Credit Card Policy is in the process of being instated. This should clear up any discrepancy in requirements for credit card purchases. Management is also prepared to keep a tighter rein on these expenditures, as well.

Anticipated Completion Date: October 31, 2016

Appropriations

Every effort will be made to handle all appropriations according to the various IC codes governing each fund.

Anticipated Completion Date: December 31, 2016

Penalties and Interest Paid

Sales and withholding taxes will be paid in such a manner as to avoid paying any penalties and interest.

Anticipated Completion Date: September 30, 2016

Jeannette Husby, Clerk-Treasurer

9-28-2016

CLERK-TREASURER
TOWN OF OSSIAN
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2016, with Jeannette M. Dickey, Clerk-Treasurer; W. Bradley Pursley, President of the Town Council; Sally Bracke, Deputy Clerk-Treasurer; and Luann J. Martin, Town Manager.