

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF ZANESVILLE

WELLS COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

06/24/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie Christian	01-01-19 to 12-31-22
	Tara Bowersock	01-01-23 to 12-31-24
President of the Town Council	John Schuhmacher	01-01-19 to 12-31-20
	Barbara O'Connor	01-01-21 to 12-31-21
	John Schuhmacher	01-01-22 to 12-31-22
	Isaac Zent	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Zanesville (Town), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Tara Bowersock, Clerk-Treasurer; Isaac Zent, President of the Town Council; Barbara O'Connor, Town Council member; and John Schuhmacher, Town Council member, on June 17, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 13, 2024

TOWN OF ZANESVILLE
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure compliance with laws, regulations, and uniform compliance guidelines established by the Indiana State Board of Accounts. The Town was not in compliance with laws, regulations, and uniform compliance guidelines as detailed further in the following comments:

- Annual Financial Report
- Bank Account Reconciliations - Investments, Interest, and Outstanding Items
- Coronavirus Relief Fund
- Record of Hours Worked
- Penalties, Interest, and Other Charges - Payroll Withholdings and Tax Remittances
- Federal and State Agency Requirements - Compliance Requirements
- Errors on Claims - Vendor Claims
- Payment of Claims Prior to Town Council Allowance
- Public Records Retention
- Monthly and Annual Uploads
- Prescribed Forms
- Capital Assets
- Receipt Issuance
- Travel Policy
- Training on Internal Control Standards
- Certification on Internal Control Standards

Additionally, the Town had not separated incompatible activities related to cash and investments, receipts, disbursements, and financial close and reporting. The Clerk-Treasurer was primarily responsible for collecting, recording, depositing Town receipts, writing and recording checks, completing the bank reconciliations, and preparing and submitting the Annual Financial Report (AFR) financial information in the Indiana Gateway for Government Units financial reporting system. There were no internal controls in place, such as an oversight, review, or approval process, to ensure financial transactions and the AFR and financial statements were accurate.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

TOWN OF ZANESVILLE
 COMMENTS
 (Continued)

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B53967, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. The AFR is the source of the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in this report.

Financial Data

The AFRs for 2021 and 2022 did not correctly separate the activity of the Coronavirus CRF fund and the State and Local Fiscal Recovery Fund (SLFRF) into two separate funds. Instead, the funds were commingled into the fund titled CARES Provider Relief.

Cash and investment balances reported in the AFR Investment Statements were overstated in comparison to bank confirmed investment balances by \$2,602; \$28,102; \$5,515; \$14,892; and \$6,256 for the years 2019, 2020, 2021, 2022, and 2023, respectively. The variances resulted from improper reporting of investments.

The General fund activity was incorrectly reported as follows:

<u>Fund</u>	<u>Years</u>	(Understated) Overstated <u>Receipts</u>	(Understated) Overstated <u>Disbursements</u>	(Understated) Overstated <u>Ending Balance</u>
General	2019	\$ -	\$ (5,742)	\$ 5,742
General	2020	16,884	-	16,884
General	2020	-	(8,636)	8,636
General	2021	-	(8,636)	8,636
General	2022	-	(9,377)	9,377

Except for splitting the grant funds in to two separate funds, all other errors were corrected and made to the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis included in this report.

Payable and Receivable

The AFRs submitted for the years ended December 31, 2019 through 2023, did not report amounts for accounts payable and accounts receivable.

Capital Assets

Capital assets of \$579,997 were reported on the AFR for the years ended December 31, 2019 through 2023. These amounts were not supported by the Town's capital asset records.

TOWN OF ZANESVILLE
COMMENTS
(Continued)

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

BANK ACCOUNT RECONCILIATIONS - INVESTMENTS, INTEREST, AND OUTSTANDING ITEMS

A similar comment appeared in prior Report B53967, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were prepared. However, investments of \$114,831 were not included in the reconciliations during any month of 2019, and investments of \$97,967 were not included in the reconciliations during any month of 2020, 2021, 2022, or 2023.

Interest was allowed to accumulate into the investment balances for all three of the investments held by the Town in 2019 rather than being paid to the governmental unit and posted to the appropriate fund. This resulted in \$1,094 of interest not being posted as of December 31, 2019.

An opening balance variance existed between bank confirmed balances and investments reported in the Annual Financial Report. This resulted in the reconciled bank balances being \$2,046 more than the ledger balances during 2019 through 2023.

Lastly, there was an outstanding item still on the December 2023 bank reconciliation for \$6,500 from a Motor Vehicle Highway fund disbursement dated December 4, 2022, that never cleared the bank nor was receipted into the ledger.

Criteria

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."

Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF ZANESVILLE
COMMENTS
(Continued)

CORONAVIRUS RELIEF FUND

Condition and Context

The Town did not properly account for the Coronavirus Relief Fund (CRF) in accordance with State Examiner Directive 2020-3 (Directive).

The Town did not properly establish a separate CARES grant fund for the CRF grant that followed the uniform chart of accounts. The Town established fund 264 - CARES Provider Relief Fund instead of following the *Accounting and Appropriation of COVID-19 Grants* memo dated April 29, 2020, which indicated the Town could utilize any fund number between 150-175 and the *Cares Act Fund Numbers* memo dated April 20, 2020, which indicated the Town should use fund number 264 specifically for Medicare fee-for-service reimbursements.

The Town receipted the Indiana Finance Authority (IFA) reimbursement of \$19,408 for health and safety payroll costs into the CARES Provider Relief fund. Corresponding expenditures totaling \$13,658 were then reversed from the General fund to the Cares fund. The remaining \$5,750 remained in the fund as of December 31, 2020. The expenditures upon which the reimbursement was based should have been reversed and recorded in the CARES Provider Relief fund, or the reimbursed amount transferred through the claims process to the General fund, which would have allowed the money to be expended for any general unit purpose. Either of these two methods would have allowed for the proper processing and recording of the CRF reimbursement.

During 2021, the Town received State and Local Fiscal Recovery Funds (SLFRF) in the amount of \$60,950. The balance in fund 264 as of December 31, 2021, was \$66,700. The Town should immediately transfer the remaining reimbursement, \$5,750, from the IFA to the General fund.

Criteria

Each local unit of government that receives an allocation from the Coronavirus Relief Fund administered by IFA shall establish a separate CARES grant fund with a fund number consistent with memorandum *Accounting and Appropriation of COVID-19 Grants, April 29, 2020 (updated September 29,2020)*. . . .

Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

Option One. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. . . .**

TOWN OF ZANESVILLE
COMMENTS
(Continued)

Option Two. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds.

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020. . . .**

(State Examiner Directive 2020-3)

In anticipation of several separate funds being necessary, the following fund system should be followed: . . .

Cities/Towns: 150 - 175

(The *Accounting and Appropriation of COVID-19 Grants*, April 29, 2020 (updated September 29,2020) memorandum)

To properly track assistance from the Provider Relief Fund, use the following Fund Number and Name: . . .

Cities and Towns Fund Number and Name
264 CARES Provider Relief Fund

(*Cares Act Fund Numbers* memo)

RECORD OF HOURS WORKED

Condition and Context

During the engagement period, five out of five payroll disbursements tested were not supported by a record of hours worked by the Town Marshal.

The Town Marshal was compensated \$233; \$3,161; \$1,768; \$1,872; and \$1,923 for hours not supported by a time sheet in 2019, 2020, 2021, 2022, and 2023, respectively.

Criteria

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

TOWN OF ZANESVILLE
COMMENTS
(Continued)

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

***PENALTIES, INTEREST, AND OTHER CHARGES - PAYROLL
WITHHOLDINGS AND TAX REMITTANCES***

Condition and Context

The following noncompliance matters were noted regarding 2023 payroll withholdings and tax remittances:

- The Town underpaid the June 2023 payroll tax remittances to the Internal Revenue Service (IRS) by \$805 and the payment was remitted in an untimely manner of twenty-five days after the due date.
- The Town paid \$95 in late penalties for the 2023 state and county tax remittances to the Indiana Department of Revenue.

Criteria

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 unit. 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF ZANESVILLE
COMMENTS
(Continued)

FEDERAL AND STATE AGENCY REQUIREMENTS - COMPLIANCE REQUIREMENTS

Condition and Context

The Clerk-Treasurer's 2019 W-2 did not include gross wages of \$500 for Stormwater additional compensation.

Amounts reported on the W-2s for the Clerk-Treasurer for the years 2019 through 2022 per the ledger were lower than pay reported in the Employee Earnings Records for each of these years by \$100.

The Clerk-Treasurer's 2023 W-2 incorrectly reported gross wages of \$16,027. Actual wages per the Payroll Earnings Record were \$18,845.

The Town underpaid federal payroll taxes to the Internal Revenue Service (IRS) for 2023 by \$8,296 in total. Federal withholdings per 2023 employee Wage and Tax Statements (W-2s) plus the employer's matching share of federal payroll taxes totaled \$15,058. Federal payroll taxes remitted to the IRS for 2023 tax periods totaled \$6,761.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ERRORS ON CLAIMS - VENDOR CLAIMS

Condition and Context

The following noncompliance was noted on Account Payable Vouchers (claims) during the engagement period.

- Of the 30 vendor claims tested, 16 were paid without being approved by an officer or person receiving the goods or services or being audited and certified by the Clerk-Treasurer that the invoice or bill was true and correct before payment.
- Of the 30 vendor claims tested, 10 did not include an Accounts Payable Voucher.
- Supporting documentation for 1 claim tested for 2023 was not available for inspection.

Criteria

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;

TOWN OF ZANESVILLE
COMMENTS
(Continued)

- (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. . . ."

PAYMENT OF CLAIMS PRIOR TO TOWN COUNCIL ALLOWANCE

Condition and Context

The Town did not adopt an ordinance to pay claims prior to Town Council approval. Of the 30 vendor claims tested, 28 were paid prior to receiving Town Council approval. Of the 25 payroll claims tested, all were paid prior to receiving Town Council approval.

Criteria

Indiana Code 36-5-4-12 states:

"(a) The legislative body of a town may adopt an ordinance allowing money to be disbursed under this section for lawful town purposes.

(b) Notwithstanding [IC 5-11-10](#), with the prior written approval of the board having jurisdiction over allowance of the claim, a town fiscal officer may make claim payments in advance of a board allowance for the following types of expenses if the town legislative body has adopted an ordinance under subsection (a):

- (1) Property or services purchased or leased from:
 - (A) the United States government; or
 - (B) an agency or a political subdivision of the United States government.
- (2) License fees or permit fees.
- (3) Insurance premiums.
- (4) Utility payments or utility connection charges.
- (5) Federal grant programs if:
 - (A) advance funding is not prohibited; and
 - (B) the contracting party provides sufficient security for the amount advanced.
- (6) Grants of state funds authorized by statute.
- (7) Maintenance agreements or service agreements.

TOWN OF ZANESVILLE
COMMENTS
(Continued)

- (8) Lease agreements or rental agreements.
- (9) Principal and interest payments on bonds.
- (10) Payroll.
- (11) State, federal, or county taxes.
- (12) Expenses that must be paid because of emergency circumstances.
- (13) Expenses described in an ordinance.
- (c) Each payment of expenses under this section must be supported by a fully itemized invoice or bill and certification by the fiscal officer.
- (d) The town legislative body or the board having jurisdiction over the allowance of the claim shall review and allow the claim at the body's or board's next regular or special meeting following the preapproved payment of the expense."

PUBLIC RECORDS RETENTION

Condition and Context

The following items were not presented for review during the engagement period:

- Accounts Payable Voucher Registers (Claim Docket) containing Town Council approval of vendor claims could not be verified for 17 of the months tested during the engagement. There were 5 of the months that could not be tested because the forms could not be located. There were 12 of the months that could not be tested because the form was not prepared during 2023.
- Salary ordinances for 2020 and 2021 were not uploaded to the Indiana Gateway for Government Units financial reporting system or otherwise presented for review.
- Cancelled check images for the Town bank account for the periods May 2019 through July 2020.
- Cancelled check images for the Stormwater bank account for the periods January 2019 through February 2021.
- Several Stormwater bank account reconciliations between the periods January 2019 through December 2022.
- January 2023 claims documentation.
- Form 941, Employer's Quarterly Federal Tax Return for the first quarter of 2019 and all four quarters of 2023.
- Capital asset records for all years in the engagement period.

TOWN OF ZANESVILLE
COMMENTS
(Continued)

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconcilements, approved Town Council minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

The files and governmental unit information that are required to be uploaded annually include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The following monthly uploads were filed in an untimely manner:

Bank Reconcilements:

2019 - 4 were uploaded late, as much as a year late
2020 - 9 were uploaded late, as much as 8 months late
2021 - 4 were uploaded late, as much as 3 months late
2022 - 8 were uploaded late, as much as 5 months late
2023 - all months were uploaded late in March 2024

Town Council Minutes:

2020 - 6 were uploaded late, as much as approximately a year late
2021 - 5 were uploaded late, as much as 6 months late
2022 - 6 were uploaded late, as much as 3 months late
2023 - all months were uploaded late in March 2024

Funds Ledger:

2019 - 3 were uploaded late, as much as a year late, 1 was never filed
2020 - 9 were uploaded late, as much as 8 months late
2021 - 4 were uploaded late, as much as 3 months late
2022 - 8 were uploaded late, as much as 5 months late
2023 - all months were uploaded late in March 2024

TOWN OF ZANESVILLE
COMMENTS
(Continued)

The following annual uploads were filed in an untimely manner:

- 2020 - All annual uploads were required to be uploaded by March 1, 2021, but were not uploaded until February 2022. A Salary Ordinance and an Annual Funds Ledger were never uploaded.
- 2022 - No annual uploads were filed as of April 2024
- 2023 - All annual uploads were required to be uploaded by March 1, 2024, but were not uploaded until March 26, 2024. However, documentation for the Supplementary Schedule of Accounts Payable/Accounts Receivable, Grant Documentation, Subawards and Personnel Policies were never uploaded.

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

PRESCRIBED FORMS

A similar comment appeared in prior Report B53967, entitled *CONDITION OF RECORDS*.

Condition and Context

The Town did not properly maintain the following prescribed or approved forms:

- General Payroll Form No. 99 (during the review period)
- Form 350, Register of Investments (during the review period)
- Form 364, Accounts Payable Voucher Register (Claim Docket) (in 2023)

Criteria

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF ZANESVILLE
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The Town did not complete a detailed listing of all capital assets owned. In addition, the Town did not complete a physical inventory at least every two years.

Also, the Town did not have a capital assets policy to present for review.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detailed listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

RECEIPT ISSUANCE

A similar comment appeared in prior Report B53967, entitled *FUND SOURCES AND USES*.

Condition and Context

Local distributions, Local Income Tax distributions, and state distributions were incorrectly posted to multiple funds listed below during 2019 through 2023:

Fund	Years	General	Motor Vehicle Highway	Motor Vehicle Highway - Restricted	Local Road and Street	Fire	LIT-Economic Development	Cumulative Capital Improvement	Cumulative Capital Development	Total
Local Distributions Mispasted	2019	\$ 148	\$ -	\$ -	\$ -	\$ 144	\$ -	\$ -	\$ (292)	\$ -
Local Distributions Mispasted	2020	220	-	-	-	-	-	-	(158)	62
Local Distributions Mispasted	2021	(922)	-	-	-	(227)	-	-	1,087	(62)
Local Distributions Mispasted	2022	13	-	-	-	-	-	-	(13)	-
Local Option Income Tax Mispasted	2019	(67)	67	-	-	-	-	-	-	-
Local Option Income Tax Mispasted	2020	(2,406)	-	-	-	1,203	1,203	-	-	-
Local Option Income Tax Mispasted	2021	(361)	67	-	-	-	294	-	-	-
State Distributions Mispasted	2020	-	(1,741)	2,229	(488)	-	-	-	-	-
State Distributions Mispasted	2022	-	28	28	(56)	-	-	-	-	-
State Distributions Mispasted	2023	(383)	887	887	(1,397)	-	-	6	-	-
Totals		<u>\$ (3,758)</u>	<u>\$ (692)</u>	<u>\$ 3,144</u>	<u>\$ (1,941)</u>	<u>\$ 1,120</u>	<u>\$ 1,497</u>	<u>\$ 6</u>	<u>\$ 624</u>	<u>\$ -</u>

Criteria

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF ZANESVILLE
COMMENTS
(Continued)

TRAVEL POLICY

A similar comment appeared in prior Report B53967, entitled *TRAVEL POLICY*.

Condition and Context

The Town had not adopted a written travel policy.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TRAINING ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B53967, entitled *TRAINING ON INTERNAL CONTROL STANDARDS*.

Condition and Context

The Town Council established internal control standards, and the ordinance provided that all personnel receive training concerning the internal control procedures. However, the Town could not provide documentation that personnel had received training concerning the internal control standards and procedures adopted by the political subdivision. The Town could only provide training certificates for one Town Council member and the former Clerk-Treasurer. The policy was viewed during the prior engagement but could not be provided during the current engagement.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B53967, entitled *CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

Condition and Context

The Clerk-Treasurer incorrectly certified in the 2019 through 2023 Annual Financial Reports that internal control standards were adopted and that employees were properly trained on those standards.

TOWN OF ZANESVILLE
COMMENTS
(Continued)

The Town could not provide documentation that personnel had received training concerning the internal control standards and procedures adopted by the political subdivision. The Town could only provide training certificates for two personnel completed in 2019.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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TOWN OF ZANESVILLE
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-19	Receipts	Disbursements	12-31-19	Receipts	Disbursements	12-31-20
General	\$ 71,044	\$ 59,189	\$ 91,640	\$ 38,593	\$ 134,571	\$ 76,695	\$ 96,469
Motor Vehicle Highway	36,830	19,272	23,730	32,372	16,273	37,636	11,009
Local Road and Street	5,741	5,349	-	11,090	4,685	13,000	2,775
MVH Restricted	-	12,912	-	12,912	13,617	-	26,529
Local Law Enforcement Continuing Education	1,927	402	1,031	1,298	699	850	1,147
Riverboat	10,539	3,554	-	14,093	3,554	14,000	3,647
Rainy Day	2,265	-	-	2,265	-	2,250	15
LOIT Special Distribution	8,450	-	-	8,450	-	8,450	-
Fire Protection Territory	(5,592)	13,526	13,945	(6,011)	16,263	14,589	(4,337)
Cumulative Capital Development	3,061	2,747	2,638	3,170	3,023	4,000	2,193
LIT - Economic Development	72,152	22,623	21,144	73,631	27,852	21,465	80,018
Cumulative Capital Improvement	1,428	1,371	-	2,799	1,301	3,400	700
Festival	(200)	-	-	(200)	-	-	(200)
CARES Provider Relief	-	-	-	-	19,408	13,658	5,750
Stormwater Utility - Operating	12,855	25,068	25,298	12,625	26,910	23,944	15,591
Totals	\$ 220,500	\$ 166,013	\$ 179,426	\$ 207,087	\$ 268,156	\$ 233,937	\$ 241,306

TOWN OF ZANESVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-21	Receipts	Disbursements	12-31-21	Receipts	Disbursements	12-31-22
General	\$ 96,469	\$ 77,444	\$ 88,507	\$ 85,406	\$ 51,259	\$ 93,429	\$ 43,236
Motor Vehicle Highway	11,009	19,617	20,568	10,058	18,958	28,544	472
Local Road and Street	2,775	5,968	2,700	6,043	6,160	355	11,848
MVH Restricted	26,529	12,586	-	39,115	12,445	9,319	42,241
Master Plan	-	-	-	-	26,130	26,130	-
Local Law Enforcement Continuing Education	1,147	588	1,221	514	162	645	31
Riverboat	3,647	3,550	3,600	3,597	3,266	-	6,863
Rainy Day	15	-	-	15	-	-	15
Fire Protection Territory	(4,337)	24,691	18,376	1,978	21,884	22,235	1,627
Cumulative Capital Development	2,193	4,474	2,190	4,477	3,479	637	7,319
LIT - Economic Development	80,018	29,215	32,747	76,486	29,243	12,855	92,874
Festival	(200)	-	-	(200)	-	-	(200)
Opiod Settlement Unrestricted	-	-	-	-	418	-	418
CARES Provider Relief	5,750	60,950	-	66,700	60,950	-	127,650
Cumulative Capital Improvement	700	1,233	690	1,243	1,053	1,000	1,296
Stormwater Utility - Operating	15,591	26,876	11,739	30,728	27,254	30,155	27,827
Totals	<u>\$ 241,306</u>	<u>\$ 267,192</u>	<u>\$ 182,338</u>	<u>\$ 326,160</u>	<u>\$ 262,661</u>	<u>\$ 225,304</u>	<u>\$ 363,517</u>

TOWN OF ZANESVILLE
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
General	\$ 43,236	\$ 51,588	\$ 41,371	\$ 53,453
Motor Vehicle Highway	472	19,539	13,715	6,296
Local Road and Street	11,848	5,422	464	16,806
MVH Restricted	42,241	13,376	-	55,617
Local Law Enforcement Continuing Education	31	131	-	162
Riverboat	6,863	3,262	9,503	622
Rainy Day	15	-	-	15
Opioid Settlement Restricted	-	218	218	-
Fire Protection Territory	1,627	22,812	12,131	12,308
Cumulative Capital Development	7,319	10,287	7,210	10,396
LIT - Economic Development	92,874	32,749	44,483	81,140
Payroll	-	71,033	60,669	10,364
LIT - Public Safety	-	4,550	4,110	440
Festival	(200)	-	-	(200)
Opioid Settlement Unrestricted	418	75	-	493
CARES Provider Relief	127,650	-	17,492	110,158
Cumulative Capital Improvement	1,296	1,059	1,972	383
Stormwater Utility - Operating	27,827	28,058	4,837	51,048
Totals	<u>\$ 363,517</u>	<u>\$ 264,159</u>	<u>\$ 218,175</u>	<u>\$ 409,501</u>