

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ZANESVILLE

WELLS COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED

01/07/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Examination Results and Comments:	
Depository Account Reconciliations.....	6
Overdrawn Cash Balances	6
Prescribed Forms	6-7
Official Bond.....	7
Errors on Claims	7-8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Julie A. Christian	01-01-11 to 12-31-18
President of the Town Council	Patsy A. Brock	01-01-11 to 12-31-12
	John Schuhmacher	01-01-13 to 12-31-13
	Patsy A. Brock	01-01-14 to 12-31-14
	John Schuhmacher	01-01-15 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 TOWN ZANESVILLE, WELLS COUNTY, INDIANA

This report is supplemental to our examination report of the Town Zanesville (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

October 5, 2015

(This page intentionally left blank.)

CLERK-TREASURER
TOWN ZANESVILLE

CLERK-TREASURER
TOWN ZANESVILLE
EXAMINATION RESULTS AND COMMENTS

DEPOSITORY ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations were not complete. Outstanding check lists were not accurate causing a variance between the fund balances and the reconciled bank account balances.

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."

OVERDRAWN CASH BALANCES

The financial statements presented for examination included the following funds with overdrawn cash balances at December 31 of each respective year:

Fund	Years	Amount Overdrawn
Festival	2011	\$ 200
Wasterwater Utility - Operating	2011	27,576
Festival	2012	200
Wasterwater Utility - Operating	2012	27,354
Festival	2013	200
Wasterwater Utility - Operating	2013	27,366
Festival	2014	200
Wasterwater Utility - Operating	2014	42,285

A similar comment appeared in prior Report B39524.

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)

PRESCRIBED FORMS

The following prescribed or approved forms were not in use during the examination period:

1. Clerk-Treasurer's, City Controller's and City Treasurer's Monthly Financial Statement (City or Town Form No. 206);
2. Treasurer's Daily Balance of Cash, Depositories and Investments (City or Town Form No. 212);
3. Ledger of Appropriations, Encumbrances, Disbursements and Balances (City or Town Form No. 209); and
4. Ledger of Receipts, Disbursements and Balances (City or Town Form No. 208).

CLERK-TREASURER
TOWN ZANESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

In some instances, officials were using alternate, self-created worksheets in lieu of prescribed or approved forms.

A similar comment appeared in prior Report B39524.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The Clerk-Treasurer's Surety Bond was insufficient per the Indiana Code. The bond coverage was \$15,000 and should have been \$30,000.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following . . . town . . . officers and employees shall file an individual surety bond: . . .

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

(c) Except as provided in subsections (h) and (i), 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 of annual coverage 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).

(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. . . ."

ERRORS ON CLAIMS

Of the claims tested, 50 percent did not have the certification of the fiscal officer that the invoice or bill was true and correct. This resulted in \$3,272 of disbursements which were not certified by the Clerk-Treasurer.

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:

CLERK-TREASURER
TOWN ZANESVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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 ZANESVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 5, 2015, with Julie A. Christian, Clerk-Treasurer, and John Schuhmacher, President of the Town Council.