

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF NEW HAVEN

ALLEN COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
03/11/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda Adams	01-01-12 to 12-31-19
Mayor	Terry McDonald	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Terry McDonald	01-01-12 to 12-31-16
President Pro Tempore of the Common Council	Timothy Martin Craig Dellinger	01-01-13 to 12-31-15 01-01-16 to 12-31-16
Superintendent of Utilities and Streets	Dave Jones	01-01-13 to 12-31-16
Utility Office Manager	Jill Cain	01-01-13 to 12-31-16
Director of the EMS	Ed Lytal (Vacant) Ned Gatchell	01-01-13 to 02-02-15 02-03-15 to 06-27-15 06-28-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF NEW HAVEN, ALLEN COUNTY, INDIANA

This report is supplemental to our examination report of the City of New Haven (City), 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 City. It should be read in conjunction with our Financial Statement Examination Report of the City, which provides our opinion on the City'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

January 20, 2016

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CLERK-TREASURER
CITY OF NEW HAVEN

CLERK-TREASURER
CITY OF NEW HAVEN
EXAMINATION RESULT AND COMMENT

OVERDRAWN CASH BALANCE

The financial statement presented for examination included an overdrawn cash balance at December 31, 2014. The Payroll fund balance was overdrawn by \$95,144 due to a timing issue.

The health insurance premium payment to Physicians' Health Plan was paid from the Payroll fund on December 16, 2014. This payment was made prior to the transfer in to cover the expense from the various funds, thus creating a cash deficit. Normally, the health insurance premium payment is made after the transfer. The transfer into the Payroll fund to cover the health insurance premium expense was made on January 2, 2015, in the amount of \$102,506.

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)

CLERK-TREASURER
CITY OF NEW HAVEN
EXIT CONFERENCE

The contents of this report were discussed on January 20, 2016, with Brenda Adams, Clerk-Treasurer; Terry McDonald, Mayor; and Craig Dellinger, President Pro Tempore of the Common Council.

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EMERGENCY MEDICAL SERVICE
CITY OF NEW HAVEN

EMERGENCY MEDICAL SERVICE
CITY OF NEW HAVEN
EXAMINATION RESULT AND COMMENT

EMS - CONDITION OF RECORDS (RECORDS INCOMPLETE)

Financial records presented for examination were incomplete and not reflective of the activity of the Emergency Medical Service (EMS) accounts receivable function and the related revenues, contractual allowance, and bad debts reports. The records presented did not provide sufficient information to examine or establish accounts receivable balances or the accuracy or correctness of the related transactions. Some of the deficiencies are noted below.

As stated in several prior Reports, most recently B43064, the EMS accounts receivable printouts were deficient. The various reports should all have the same accounts receivable balance at any point in time. Accounts receivable as of December 31, 2013 and 2014, per the accounts receivable control did not agree with the accounts receivable detail on the reports listed below:

Accounts Receivable Overall Summary Report (Control)
Billings Receivable Report (Detail)
Open Accounts Receivable Report (Detail)

The year-to-date Transaction Reports (revenues, cash payments, contractual allowances, and bad debt expenses) actually included five years of information (2008 to 2013). There was a "ledger purge" rather than a "journal purge" done in January 2014 in efforts to try to correct the cumulative effects of the transactions since the last "journal purge" done in 2008. This "ledger purge" caused even more issues with the accounts receivable records instead of correcting the situation.

The Collection Agency printouts for 2013 and 2014, dated January 14, 2016, were in summary format only and were the only Collection Agency reports provided for our examination. A year-end (detailed by customer) collection agency report dated December 31 would be needed to correspond to the end date of our examination period. Current, paid and closed collection agency account reports should be available for examination.

Records indicated the collection efforts for several patient accounts were minimal. The EMS Department indicated for these accounts, it waited for responses to the claims for reimbursement from Medicare, Medicaid, or other commercial insurers. The documentation presented did not show follow-up actions taken.

EMERGENCY MEDICAL SERVICE
CITY OF NEW HAVEN
EXAMINATION RESULT AND COMMENT
(Continued)

We noted over \$1,000,000 in bad debt write-offs by the New Haven - Adam's Township Fire / EMS governing body during the examination period. A large amount of the write-off's did not comply with the policy passed by the governing body requiring that amounts in arrears greater than 90 days first be sent to collections and then be written off only when deemed uncollectible by the Collection Agency or if in bankruptcy.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

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)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

EMERGENCY MEDICAL SERVICE
CITY OF NEW HAVEN
EXIT CONFERENCE

The contents of this report were discussed on January 20, 2016, with Terry McDonald, Mayor, and Craig Dellinger, President Pro Tempore of the Common Council.