

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GAS CITY

GRANT COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
04/14/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	H. Larry Leach	01-01-12 to 12-31-19
Clerk-Treasurer	Julie L. Flores Teri Miller	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	H. Larry Leach	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	P. David Huffman Michael Planck Larry Terwillegar	01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-16
Superintendent of Utilities	Raymond P. Smith	01-01-13 to 12-31-16
Utility Office Manager	Lisa K. Oliver	01-01-13 to 12-31-16
City Court Judge	Steven J. Barker	01-01-13 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GAS CITY, GRANT COUNTY, INDIANA

This report is supplemental to our examination report of the City of Gas City (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

February 11, 2016

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CLERK-TREASURER
CITY OF GAS CITY

CLERK-TREASURER
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were performed by the City. However, the December 31, 2013 and the December 31, 2014 reconciliations contained numerous unidentified errors and did not reconcile. At December 31, 2013, the bank account balance exceeded the fund balance by \$13,164. At December 31, 2014, the bank account balance exceeded the fund balance by \$6,793.

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."

FUNDS NOT PRESENTED

The Annual Financial Report and the financial records presented for examination were incomplete and not reflective of the activity of the 2010 Redevelopment Bond Reserve fund. The fund balance at December 31, 2013, and December 31, 2014, was \$240,000. The Annual Financial Report did not present the City Court fund for 2013 and 2014. Adjustments were proposed, accepted by the City, and made to the financial statement.

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)

PUBLIC RECORDS RETENTION

Several claims, invoices, and supporting documentation were not retained and available for examination. Other items not available included the Payroll register from July 1, 2013 to August 28, 2013; Employee earnings records for all of 2013 and 2014; and year to date payroll reports for all employees.

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

A test of claims identified the following deficiencies:

1. Supporting documentation was not attached to claim forms.
2. Three claim dockets were not signed by the Board of Works or the City Council.
3. Two claims could not be traced into the expenditure ledger because the system was updated and only a lump sum was posted for that time period.
4. Four claims could not be located.
5. Late charges totaling \$95 were paid.

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."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON TRAVEL CLAIMS

Travel claims tested revealed that none of the claims had adequate supporting documentation denoting the business nature of the trip. Of the exceptions noted, three were travel expenses reimbursed to an employee and four were paid with a City credit card.

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.

CLERK-TREASURER
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

(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."

When traveling outside the local unit's boundaries on official business, officers and employees may also be reimbursed for meals, lodging, and incidental expenses as defined in the travel policy. The claim for reimbursement should be supported by itemized receipts from hotels, restaurants, and taxi cabs used by the officer or employee while traveling on official business. (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 2009)

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
Park Non-Reverting Operating	2013	\$ 28,362
County Economic Development Income Tax	2014	6,488
Park Non-Reverting Operating	2014	11,922
Police Pension	2014	1,639
Park	2014	205
3-Way Recreation	2014	1,225
Cumulative Capital Development	2014	19,276

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."

CLERK-TREASURER
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

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

Fund	Amount Overdrawn December 31, 2013	Amount Overdrawn December 31, 2014
Water Depreciation	\$ 932	\$ -
FEMA Grant Fire Department	2,680	2,680
Electric Depreciation	-	22,543

A similar comment appeared in prior Report B43048.

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)

RECONCILIATION OF UTILITY GENERAL LEDGERS TO CITY FUNDS LEDGER

Monthly cash balances on the Utility general ledgers were not reconciled to the cash balances on the City funds ledger.

A similar comment appeared in prior Report B43048.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2013 and 2014 contained a number of errors and did not properly reflect the financial activity of the City. The General, Payroll, and Criminal Justice Grant #09-DJ-115 funds were combined and presented as the General fund. Nine Electric Utility funds were presented as one fund titled Electric Operating, six Wastewater Utility funds were presented as one fund titled Wastewater Operating and seven Water Utility funds were presented as one fund titled Water Operating.

Adjustments were proposed, accepted by the City, and made to the financial statement.

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."

CLERK-TREASURER
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Payroll fund. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Some of the deficiencies include:

1. After a software update in 2013, check numbers were not given to employees with direct deposit.
2. Time records were not available for employees tested from the Fire, Planning/Zoning, and Rescue Departments. We ultimately were informed that no salaried employees kept time records.
3. Employees without time cards/sheets have no documented approval from officials or supervisors.
4. The May 24, 2013 gross pay for one employee was not correct based on the time card hours times the rate per the salary ordinance.
5. The employee earnings records only documented quarterly totals so individual paychecks could not be verified to the listing.
6. A Motor Vehicle Highway distribution of \$9,723 was posted to the General fund.
7. Transactions recorded as "negative" receipts and disbursements - a Local Road and Street distribution of \$4,343 was posted as a negative expenditure.
8. An Indiana Department of Transportation distribution made July 16, 2014, was not posted to the ledger until October 31, 2014.
9. Multiple receipts and checks were written for different amounts than posted.

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)

INTERNAL CONTROLS

Internal controls over adjustments to accounts receivable balances of electric, water, wastewater, and sanitation billings were insufficient. Large adjustments were not presented to the Board for approval.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(c) Except as provided in subsection (m), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(d) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(f) . . . Using the lists and instruments prepared under subsection (c) and recorded under subsection (d), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (d), certify to the county auditor a list of the unpaid liens for collection with the next May installment of property taxes."

COLLECTION OF LOAN RECEIVABLE

In 2009, the City loaned an Indiana corporation \$300,000 to make structural improvements to the former Amcast building. Monthly payments of \$5,000 plus interest were to commence in July 2011. There have been no payments made on this loan as of the date of this report.

In 2012, the City loaned an Indiana corporation \$1,000,000 to support the economic development of a furniture manufacturing business at Munire Drive. Quarterly payments of \$62,500 plus interest were to commence in August 2013. There has been only one payment made on this loan of \$40,000 as of the date of this report.

No documentation was presented for examination that indicated that loan payments or conditions may have been amended.

A similar comment appeared in prior Report B43048.

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)

CLERK-TREASURER
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

HEALTH SAVINGS ACCOUNT CONTRIBUTIONS

The City makes contributions to Health Savings Accounts of \$1,000 for a family and \$500 for a single plan on a quarterly basis for participating employees. The 2013 amounts were not properly reported on Wage and Tax Statement Form W-2 as required by the Internal Revenue Service.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should 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 7)

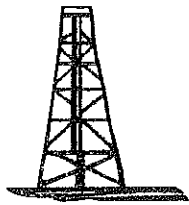
SEPTEMBER 2013 BANK TO LEDGER ACTIVITY

Expenditures posted to the Expenditure Ledger for the month of September 2013 were compared to bank statement debits for the same month.

Deficiencies were noted which include:

1. Bank debits of \$24,443 could not be traced to disbursements on the Expenditure Ledger.
2. Expenditure Ledger disbursements of \$32,707 could not be traced to bank debits.
3. A manual list of void checks presented for examination could not be proven to actually have been voided on ledger.
4. Checks written from the bank account for Tax Incremental Financing were posted with check numbers from a different bank account.
5. A check written to one vendor was later voided with a different vendor listed in the check register.
6. Negative entries for voided checks were sometimes combined with regular checks on the check register.

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)



Gas City "The City With A Future"

Julie L. Flores, Clerk-Treasurer

211 E. Main Street • Gas City, Indiana 46933

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OFFICIAL RESPONSE

CITY OF GAS CITY

February 15, 2016

BANK ACCOUNT RECONCILIATIONS SEPTEMBER 2013 BANK TO LEDGER ACTIVITY ERRORS ON CLAIMS ANNUAL REPORT CONDITION OF RECORDS

The City upgraded computer software programs and was chosen as the pilot community for the launch of this software. We made the switchover in mid August 2013. We identified several glitches in this new software. September 2013 happened to be a very difficult month in working through the issues. Software issues continue to present some deficiencies in accurate reporting.

The books and bank balances agreed through July 2013. After the implementation of new software, the bank and book never agreed. The bank balances exceeded the book balance, which indicates no missing money. The City had asked and received quotes for new software vendor. Plans to make the change in software vendor was scheduled to be done after 2013, 2014 were audited.

The software issues had a definite impact on generated reports. Additionally, software issues impacted several deficiencies noted in the condition of records.

FUNDS NOT PRESENTED ON REPORT

The City Court has always been a stand-alone audit and their bank accounts have never been a part of the City fund reports. This has never been a comment in previous audits.

2010 Redevelopment Bond Reserve Funds were placed with the Bank of New York when bonds were issued. There was no intent to purposely not make this part of the reconciling process when reconciling other funds which are placed locally at Star Financial Bank.

PUBLIC RECORDS RETENTION

Our office was called upon several times during this audit to locate claims that could not be found by audit staff. We were able to locate all claims in question, often in group of claims the audit staff already had pulled from storage boxes. We also re-organized the storage boxes many times in order to find claims that had been put back in boxes out of order. To cite Indiana Code 5-15-6-3(f) giving the appearance that records had been destroyed without approval is not a fair or accurate statement in our opinion. Destruction of public record procedures are followed by this office.

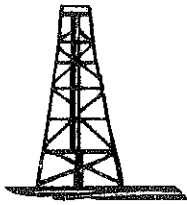
ERRORS ON CLAIMS

Supporting documentation – Documentation is always attached or written on claims. If however, the invoice is split between numerous departments, the invoice is attached to one with explanation that it is split.

Dockets – All claim dockets are presented to Board of Works and Council. It is possible that they were presented for signature and not signed and then filed in error, but this is not normal practice for this office.

APPROPRIATIONS

The City has never appropriated for Non-Reverting Funds, nor has there ever been a comment by SBOA for not doing so.



Gas City "The City With A Future"

Julie L. Flores, Clerk-Treasurer

211 E. Main Street • Gas City, Indiana 46933

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OVERDRAWN CASH BALANCES

Funds cited are reimbursable grant funds. The request for reimbursement from INDOT was submitted and not reimbursed by INDOT by year end.

RECONCILIATION OF UTILITY LEDGERS TO CITY FUNDS LEDGER

DELINQUENT WASTEWATER ACCOUNTS

INTERNAL CONTROLS

The Gas City Utility is a separate entity and not under the control of the Clerk-Treasurer. This office does receipt and disburse on behalf of the utility, but day to day operations are under the control of the Utility Supt.

COLLECTION OF LOAN RECEIVABLE

2009 \$300,000 Loan – City Attorney did and continues to be in contact with corporation to make the loan payments due.

2010 \$1,000,000 Loan – Echelon Furniture filed bankruptcy, so there is no way to collect this loan.

HEALTH SAVINGS ACCOUNT CONTRIBUTIONS

These contributions were missed on W-2's in 2013, but not in previous years or 2014 or in 2015. When the error was discovered, a letter was available for employees to attach to their W-2 stating amount contributed to their HSA. Additionally, we had one employee whose accountant requested a corrected W-2 and we provided that to them.

It was not the intent of this office to be deceitful in reporting HSA contributions.

Respectfully Submitted,

Julie L. Flores

CLERK-TREASURER
CITY OF GAS CITY
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2016, with Julie L. Flores, former Clerk-Treasurer; Teri Miller, Clerk-Treasurer; H. Larry Leach, Mayor; and Larry Terwillegar, President Pro Tempore of the Common Council.

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COMMON COUNCIL
CITY OF GAS CITY

COMMON COUNCIL
CITY OF GAS CITY
EXAMINATION RESULT AND COMMENT

ELECTRIC UTILITY TRANSFERS TO THE CITY

The Electric Reserve fund transferred \$150,000 to the City General fund in 2013 and 2014. There was no ordinance created to allow this.

Indiana Code 8-15-3-11 states in part:

- "(a) . . . The municipal legislative body, with the approval of the board, may transfer surplus earnings of the utility to the general fund . . .

- (e) If at any time after the final approval of the budget an emergency should arise for further appropriations from the general fund, the legislative body may, by ordinance, transfer additional money from the cash reserve fund to the general fund to provide for the additional appropriations, the transfer to be limited to the accretions to the cash reserve fund since the preceding June 30."

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMMON COUNCIL
CITY OF GAS CITY
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2016, with H. Larry Leach, Mayor, and Larry Terwillegar, President Pro Tempore of the Common Council.

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PARK DEPARTMENT
CITY OF GAS CITY

PARK DEPARTMENT
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION FOR OUTSIDE BANK ACCOUNTS

A "pool concessions" bank account was opened during July 2012 and an "Old Fashioned 4th Festival" bank account was opened during July 2014. These accounts were opened and controlled by a Park Board member. The Clerk-Treasurer was not the custodian of these bank accounts. Both accounts were subsequently closed in October 2014. No supporting documentation was available for any deposits made to or disbursements made from these bank accounts. The Old Fashioned 4th Festival bank account was used to account for campsite fees, vendor rentals, music concerts, fundraisers, and donations. Cash from collections was given to concert groups as their form of payment, rather than by check. No contracts with these music vendors were prepared. Due to the lack of supporting information, we could not verify the purpose of the disbursements.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTABLE ITEMS - POOL REVENUE

Daily pool entries, passes, party deposits, swimming lessons, and miscellaneous items were sold at the pool. For 2013, the only documentation of these sales that were presented for examination were for the month of June. For 2014, 2 pool reports did not include an adding machine tape which would have detailed the number and amount of each type of pool sale. We tested the documentation maintained to account for the money collected as a result of these sales. Of the 26 documents tested, 9 pool reports did not agree with the amount posted to the ledger. Sales could not be recalculated with the information provided for 6 reports. Controls over sales of accountable items were not sufficient to allow further analysis or conclusions related to these transactions.

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)

PARK DEPARTMENT
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTABLE ITEMS - CAMPING LOT RENTALS

Supporting documentation for 2013 for camping lot rental was not retained nor presented for examination. Individual camping agreements were prepared for 2014, but did not consistently present enough information, such as amounts paid by the renter or the date paid, in order to be able to test receipt of payments. No individual prescribed receipts were given to payors. Controls over sales of accountable items were not sufficient to allow further analysis or conclusions related to these transactions.

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)

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT ISSUANCE

Receipts were not issued for pool passes, reservations, or lessons. Receipts were also not issued for donations received by park personnel, nor was any documentation retained for these amounts.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PARK DEPARTMENT
CITY OF GAS CITY
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2016, with David Pyle, Park Board President; H. Larry Leach, Mayor; and Larry Terwillegar, President Pro Tempore of the Common Council.

CITY COURT
CITY OF GAS CITY

CITY COURT
CITY OF GAS CITY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

In 2010, a new accounting software system was implemented. During 2013 and 2014, some cases continued to be accounted for in the older system. In February 2014, the older system was no longer used. The December 31, 2014 balance reported in the City Court Cash Book and Daily Balance Record was \$34,913. This balance included fees due and payable to the State of Indiana, the Grant County Clerk of the Circuit Court, and the Gas City Clerk-Treasurer, as well as Trust and Cash Bonds payable. As of October 26, 2015, these fees had not been remitted to the appropriate agency.

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)

DEPOSITS

Receipts were deposited later than the next business day in 40 percent of the court receipts tested.

- 10 percent deposited 2 days late.
- 20 percent deposited 7 days late.
- 10 percent deposited 39 days late.

Indiana Code 5-13-6-1(c) states in part:

" . . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

CITY COURT BANK ACCOUNT RECONCILIATIONS

Monthly depository reconciliations of the City Court fund balances maintained on the CSI accounting system were not presented for examination from July 2013 to December 2014. Depository reconcilements compiled by the Field Examiner at December 31, 2013, and December 31, 2014, did not reconcile. At December 31, 2013, the fund balance exceeded the bank account balance by \$625. At December 31, 2014, the bank account balance exceeded the fund balance by \$1,120.

Monthly depository reconciliations of the City Court fund balances maintained on the Odyssey accounting system were not presented for examination for 2014. A depository reconciliation compiled by the Field Examiner at December 31, 2014, indicated the fund balance exceeded the bank account balance by \$3,595.

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."

CITY COURT
CITY OF GAS CITY
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2016, with Steven J. Barker, City Court Judge; H. Larry Leach, Mayor; and Larry Terwillegar, President Pro Tempore of the Common Council.