

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF MACY

MIAMI COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
10/16/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Peggy Kerschner (Vacant) Michelle Hoffman	01-01-09 to 10-31-12 11-01-12 to 01-31-13 02-01-13 to 12-31-20
President of the Town Council	Marilyn Jackson	01-01-12 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF MACY, MIAMI COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Macy (Town), for the period from January 1, 2012 to December 31, 2016. 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

August 31, 2017

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CLERK-TREASURER
TOWN OF MACY

CLERK-TREASURER
TOWN OF MACY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statements presented for examination included the Wastewater Utility Operations fund with overdrawn cash balances of \$14,178 and \$16,524 at December 31, 2012, and December 31, 2013, respectively.

A similar comment also appeared in the prior Report B41523, entitled *OVERDRAWN FUND BALANCES*.

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

CANCELED CHECKS

The financial institution did not return the actual canceled check or optical images of canceled checks with the monthly bank statements.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts and other public records must be available for examination 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 1)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not prepared for all disbursements.
2. Claims were not adequately itemized.
3. Claims or invoices did not have evidence to support receipt of goods or services.

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;

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

- (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. . . ."

DEPOSITS

Receipts were deposited later than the next business day in 50 percent of receipts tested.

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

"Except as provided in subsection (g) . . . a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) Selected by the . . . town as provided in an ordinance adopted by the . . . town; and
- (2) Approved as depositories of state funds."

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

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (3) A . . . town required to deposit funds under subsection (d). . . ."

CREDIT CARD POLICY

The Town used credit cards to purchase items without an approved credit card policy.

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.

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EXAMINATION RESULTS AND COMMENTS
(Continued)

6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

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

LACK OF PRESCRIBED FORM

The Clerk-Treasurer maintained financial records using computerized spreadsheets instead of using the following prescribed form:

Ledger of Appropriation, Encumbrances, Disbursements and Balances (City and Town Form No. 209)

A similar comment also appeared in the prior Reports B37178 and B40523, entitled *PRESCRIBED FORMS* and *APPROVAL OF FORMS*, respectively.

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)

CLERK-TREASURER
TOWN OF MACY
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2017, with Michelle Hoffman, Clerk-Treasurer, and Marilyn Jackson, President of the Town Council.