

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENSBURG

DECATUR COUNTY, INDIANA

January 1, 2013 to December 31, 2016



FILED
04/20/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Bridgett C. Weber	01-01-12 to 12-31-15
	Ashlee D. Green	01-01-16 to 12-31-19
Mayor	Gary L. Herbert	01-01-12 to 12-31-15
	Dan Manus	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Gary L. Herbert	01-01-12 to 12-31-15
	Dan Manus	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Darrell Poling	01-01-13 to 12-31-13
	Blake O'Mara	01-01-14 to 12-31-14
	Jamie Cain	01-01-15 to 12-31-17
Superintendent of Water Utility	Rick Denney	01-01-13 to 12-31-17
Superintendent of Wastewater Utility	Jeffrey H. Smith	01-01-13 to 12-31-17
Utility Office Manager	Donna M. Lecher	01-01-13 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

This report is supplemental to our examination report of the City of Greensburg (City), for the period from January 1, 2013 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 City. It should be read in conjunction with our Financial Statements Examination Report of the City, which provides our opinion on the City'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

March 6, 2018

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CLERK-TREASURER
CITY OF GREENSBURG

CLERK-TREASURER
CITY OF GREENSBURG
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance.

As of December 31, 2014, the difference between the adjusted bank balance and the ledger balance indicated a cash necessary to balance of \$14,204.

In 2015, 10 of the 12 months were not reconciled timely and the reconcilements contained unidentified posting errors ranging from \$767 to \$42,620.

In 2016, the City hired a consultant who subsequently identified the posting errors from 2015. As of December 31, 2016, the difference between the adjusted bank balance and the ledger balance again indicated a cash necessary to balance of \$14,204.

In December 2017, the consultant identified additional posting errors from 2014, resulting in a cash long at December 31, 2016, of \$1,124.

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."

PAYROLL DEFICIENCIES

During our test of payroll disbursements, the following deficiencies were noted:

1. Payroll claims for City employees were not certified by the Clerk-Treasurer or approved by the Board of Public Works during the examination period.
2. In 2015, timesheets were not presented for examination for one employee in the Clerk-Treasurer's office.

Indiana Code 5-11-10-1.6(c) states in part:

"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. . . ."

CLERK-TREASURER
CITY OF GREENSBURG
EXAMINATION RESULTS AND 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."

OVERDRAWN CASH BALANCES

The financial statement presented for examination included the following funds with overdrawn cash balances at December 31, 2015:

Fund	Amount Overdrawn December 31, 2015
Garnishment EE#262	\$ (31)
Federal Tax - FP&PP	(8)
State Tax - FP&PP	(587)
County Tax - FP&PP	(132)
Federal Tax Withheld	(16,844)
Pension DD/Payroll Clnrg	(16,565)
77 Pen Police Assess W/H	(5,292)
77 Pen Fire Assess W/H	(43,096)
YMCA/Anytime Fit PR Ded	(263)
Net Payroll	(12,901)

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)

PENALTIES AND INTEREST

During the years 2013, 2014, and 2015, the City was assessed penalties and interest by the Internal Revenue Service and the Indiana Department of Revenue in the amount of \$11,133 because the City did not remit payments for federal and state withholding taxes on a timely basis. Due to the condition of records, the exact amount of penalties and interest paid by the City could not be determined.

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

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)

PERSONAL EXPENSES

During the examination period the former Clerk-Treasurer paid for expenses that were considered personal and unrelated to the operation of the City. From 2013 to 2015, 25 instances of drinks and snacks purchased from the General Fund totaling \$3,041 were identified. There were no descriptions on the accounts payable vouchers to indicate the business purpose of these purchases.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses 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)

OVERPAYMENT OF SALARIES

Salary payments to the following employees and elected officials exceeded the amounts approved by the salary ordinances as follows:

Name	Title	Years	Gross Amount Overpaid
Gary L. Herbert	Former Mayor	2015	\$ 909
Bridgett C. Weber	Former Clerk-Treasurer	2015	763
Jennifer A. Zapfe	Former Personnel Administrator	2015	995
Kenneth V. Dornich	Personal Administrator	2016	231

The overpayments, excluding payroll withholdings, were collected in the subsequent period.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Clerk-Treasurer's Office

314 West Washington Street
Greensburg, Indiana 47240

Phone: 812.663.8582

Fax: 812.663.6314



** official Response **

Response to the Audit for the City of Greensburg, IN

Years (2013 – 2016)

1. Bank Account Reconciliation

We concur with the findings on the Bank Reconciliation.

Corrective Action

When I took office 1-1-16, we hired a consultant to identify and balance our 20 bank accounts for 2015 to know where we stood with the bank accounts for 2016 the year that I took office. The field examiners asked that we balance the year of 2014, which our consultant did. We have balanced each month since I have taken office, using the consultant as our internal control.

2. Payroll Deficiencies

We concur with the findings on the Payroll Deficiencies.

Corrective Action:

We included payroll, but were not aware from past years that the employee's name and net pay were to be included on the claims docket for approval. We have corrected this and are now including it each month.

3. Overdrawn Cash Balances

We concur with the findings on Overdrawn Cash Balances

Corrective Action:

Prior to my term in office, there were negative cash balances. We have worked to correct the overdrawn balances and as of December 2016, there are no overdrawn cash balances. The exception would be any reimbursable grants that we have to submit for reimbursement and is allowed by SBOA.

4. Penalties and Interest

We concur with the findings on Penalties and Interest.

Corrective Action:

As of the beginning of my term, we have not paid any penalties and/or interest.

5. Personal Expenses

We concur with the findings on Personal Expenses.

Corrective Action:

As of the beginning of my term, we do not allow any personal expenses to be paid with City funds.

6. Overpayment of Salaries

We concur with the findings on Overpayment of Salaries.

Corrective Action:

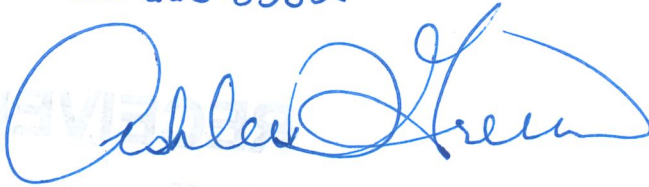
We found several employees who were paid more than the approved salary ordinance. All overpayments have been reimbursed. We now have our consultant check payroll periodically with the salary ordinance to ensure there are no overpayments.

Sincerely,

Ashlee Green

Clerk Treasurer

812-663-8582



CLERK-TREASURER
CITY OF GREENSBURG
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2018, with Bridgett C. Weber, former Clerk-Treasurer; Ashlee D. Green, Clerk-Treasurer; Dan Manus, Mayor; Donna M. Lecher, Utility Office Manager; Suzy Bass, Consultant; and Jamie Cain, President Pro Tempore of the Common Council.