

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF PERU

MIAMI COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
07/02/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Approval of Payroll Related Claims	6
Bank Account Reconciliations.....	6
Condition of Records.....	6
Official Response.....	7
Exit Conference	8
Board of Public Works and Safety:	
Audit Result and Comment:	
Approval of Payroll Related Claims	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jackquan E. Gray Tanisha Soldi	01-01-12 to 12-31-15 01-01-16 to 12-31-19
Mayor	James R. Walker Gabriel Greer	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works and Safety	James R. Walker Gabriel Greer	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Kurt Krauskopf	01-01-15 to 12-31-19
Utility Office Manager	Leah Starkey Joyce Clark	01-01-15 to 04-18-18 04-19-18 to 12-31-19
Utility General Manager	Roger B. Merriman Joseph Pandy Joshua Chance	01-01-15 to 05-15-16 05-16-16 to 08-28-17 08-29-17 to 12-31-19
President of the Utility Service Board	Stanley Akers	01-01-15 to 12-31-19
Superintendent of Water Utility	Michael Dahlquist Jamin Beisiegel	01-01-15 to 06-12-16 06-13-16 to 12-31-19
Superintendent of Wastewater Utility	Michael Dahlquist Jamin Beisiegel	01-01-15 to 06-12-16 06-13-16 to 12-31-19
Superintendent of Electric Utility	Curtis Bankston (Vacant) Robert D. Hall	01-01-15 to 04-06-18 04-07-18 to 04-29-18 04-30-18 to 12-31-19
Superintendent of Storm Water Utility	Michael Dahlquist Jamin Beisiegel	01-01-15 to 06-12-16 06-13-16 to 12-31-19



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 CITY OF PERU, MIAMI COUNTY, INDIANA

This report is supplemental to our audit report of the City of Peru (City), for the period from January 1, 2015 to December 31, 2018. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statements Audit 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 1, 2019

(This page intentionally left blank.)

CLERK-TREASURER
CITY OF PERU

CLERK-TREASURER
CITY OF PERU
AUDIT RESULTS AND COMMENTS

APPROVAL OF PAYROLL RELATED CLAIMS

Three of twenty-seven vendor claims tested were not certified by the fiscal officer or approved by the governing board. These three claims were for vendor payments of payroll withholdings.

All ten payroll claims tested were not approved by the department head or appropriate official. In addition, the payroll claims were not approved by the fiscal officer or governing board.

Indiana Code 5-11-10-2 states in part:

"(a) Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer.

(b) The state board of accounts shall prescribe a form which will permit claims from two (2) or more claimants to be listed on a single document and, when such list is signed by members of the governing body showing the claims and amounts allowed each claimant and the total claimed and allowed as listed on such document, it shall not be necessary for the members to sign each claim. . . ."

BANK ACCOUNT RECONCILIATIONS

Bank account reconciliations were not prepared timely for the last three months of 2016, nor for all of 2017.

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."

CONDITION OF RECORDS

Utility funds receipts and disbursements presented for audit in the Annual Financial Reports for 2015, 2016, and 2017 were materially different from those presented in the detailed utility ledgers.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



RE: 2015 – 2018 Audit Response

July 1, 2019

- Approval of Payroll Related Claims
Per IC 36-4-8 and IC 36-5-4 the City will adopt an ordinance allowing the City's fiscal officer to process certain types of claims prior to the board approval. This will allow the Clerk-Treasurer to process payroll prior to approval by the Board of Works and submit for approval at the meeting immediately following the payroll date.
- Bank Account Reconciliations
 - The City went through an accounting and payroll system change during the audited years that caused delays in monthly bank reconciliations. The City has implemented procedures to streamline monthly reconciliations of fund to bank balances.
- Conditions of Records
 - City Utilities utilize the accrual basis method of accounting and provide the resulting financials to the Clerk-Treasurer for inclusion in the Annual Financial Report ("AFR"). This process requires the Clerk-Treasurer's office to convert the accrual financials to the cash basis method for submission in the AFR. For future years (2019 and beyond) the Utility's office and Clerk-Treasurer will work with each other to convert the Utility's accrual financials to cash basis as soon as possible after year-end to improve the Utility related information submitted in the AFR.

Tanisha Soldi

City Clerk-Treasurer

CLERK-TREASURER
CITY OF PERU
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2019, with Gabriel Greer, Mayor; Tanisha Soldi, Clerk-Treasurer; Cheryl Lee, Common Council member; Blane Holland, Common Council member; Jason Bowman, Common Council member; Joshua Chance, Utility General Manager; and Joyce Clark, Utility Office Manager.

BOARD OF PUBLIC WORKS AND SAFETY
CITY OF PERU

BOARD OF PUBLIC WORKS AND SAFETY
CITY OF PERU
AUDIT RESULT AND COMMENT

APPROVAL OF PAYROLL RELATED CLAIMS

Three of twenty-seven vendor claims tested were not certified by the fiscal officer or approved by the governing board. These three claims were for vendor payments of payroll withholdings.

All ten payroll claims tested were not approved by the department head or appropriate official. In addition, the payroll claims were not approved by the fiscal officer or governing board.

Indiana Code 5-11-10-2 states in part:

"(a) Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer.

(b) The state board of accounts shall prescribe a form which will permit claims from two (2) or more claimants to be listed on a single document and, when such list is signed by members of the governing body showing the claims and amounts allowed each claimant and the total claimed and allowed as listed on such document, it shall not be necessary for the members to sign each claim. . . ."

BOARD OF PUBLIC WORKS AND SAFETY
CITY OF PERU
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2019, with Gabriel Greer, Mayor; Tanisha Soldi, Clerk-Treasurer; Cheryl Lee, Common Council member; Blane Holland, Common Council member; Jason Bowman, Common Council member; Joshua Chance, Utility General Manager; and Joyce Clark, Utility Office Manager.