

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF UNIONDALE

WELLS COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**

12/13/2023



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Audit Results and Comments:	
Internal Controls .....	6
Annual Financial Report - Other Information .....	7
Bank Account Reconciliations .....	7
Capital Assets .....	7
Motor Vehicle Highway (MVH) - Restricted Fund .....	8
Monthly and Annual Uploads .....	8-9
Exit Conference .....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharice Bowen	01-01-19 to 12-31-23
President of the Town Council	Erin Kreigh	01-01-19 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF UNIONDALE, WELLS COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Uniondale (Town), for the period from January 1, 2019 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

December 5, 2023

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CLERK-TREASURER  
TOWN OF UNIONDALE

CLERK-TREASURER  
TOWN OF UNIONDALE  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

A similar comment appeared in prior Report B53169, entitled *INTERNAL CONTROLS*.

*Condition and Context*

There were deficiencies in the internal control system of the Town related to financial transactions and reporting.

*Cash and Investments*

Although the Town completed bank reconciliements for the Town's main checking account, the Town did not complete bank reconciliements for the State Revolving Funds depository accounts. As a result, there was no oversight or review of all the Town's funds.

*Financial Close and Reporting*

The Clerk-Treasurer prepared and submitted financial information in the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statements. There were no effective internal controls in place, such as oversight, review, or approval process, to ensure that the information submitted was accurate and timely.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CLERK-TREASURER  
TOWN OF UNIONDALE  
AUDIT RESULTS AND COMMENTS  
(Continued)

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital assets information entered into Gateway did not accurately report the capital asset activity of the Town as of December 31, 2022. The Town has determined the Schedule of Capital Assets will not be presented in the Financial Statements Audit Report for the Town as Other Information.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

Monthly bank account reconciliations were only performed for two of the Town's six depository accounts.

*Criteria*

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."

**CAPITAL ASSETS**

A similar comment appeared in prior Report B53169, entitled *CAPITAL ASSETS*.

*Condition and Context*

The Town's detailed asset listing included assets that were not deleted from the listing after being disposed of. In addition, the Town did not complete a physical inventory at least every two years, as required.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF UNIONDALE  
AUDIT RESULTS AND COMMENTS  
(Continued)

**MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND**

*Condition and Context*

The Town did not establish a Motor Vehicle Highway (MVH) Restricted fund.

*Criteria*

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

The purpose of this Directive is to authorize and require . . . towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018. . . .

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:  
...

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

**Together, MVH and MVH Restricted shall constitute the total MVH Fund.** MVH and MVH Restricted will be shown separately on the Annual Financial Report. . . .

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

(State Examiner Directive 2018-2)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must 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 1)

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The Town did not comply with the State Examiner Directive and did not upload monthly bank statements, bank reconciliations, and outstanding checklists for five of its six bank accounts.

CLERK-TREASURER  
TOWN OF UNIONDALE  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

A user guide for the Engagement Uploads is available and located at: <https://gateway.ifionline.org/userguides/engagementguide> **It is pertinent that this user guide be used in conjunction with this Directive.** It provides critical information to you that will help guide you to uploading the correct documents.

(Amended State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must 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 1)

CLERK-TREASURER  
TOWN OF UNIONDALE  
EXIT CONFERENCE

The contents of this report were discussed on December 5, 2023, with Sharice Bowen, Clerk-Treasurer, and Erin Kreigh, President of the Town Council.