

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

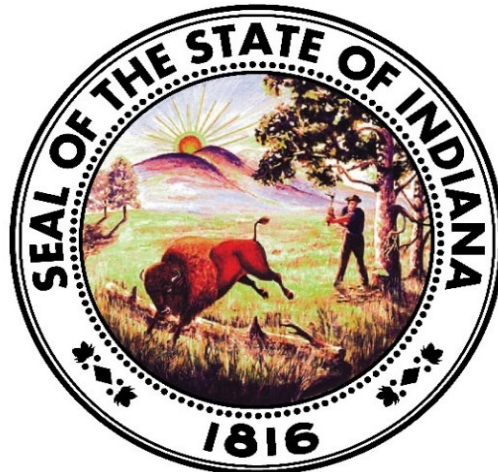
SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF PARKER CITY

RANDOLPH COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED

02/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kim Cecil	01-01-18 to 12-31-23
President of the Town Council	Rex Amburn William Greer	01-01-18 to 12-31-19 01-01-20 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF PARKER CITY, RANDOLPH COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Parker City (Town), for the period from January 1, 2018 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/.

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 21, 2023

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CLERK-TREASURER
TOWN OF PARKER CITY

CLERK-TREASURER
TOWN OF PARKER CITY
AUDIT RESULTS AND COMMENTS

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town did not post 50 percent of distributions from the State Motor Vehicle Highway account to the Motor Vehicle Highway (MVH) - Restricted Fund for the years 2019 and 2022. This resulted in the Motor Vehicle Highway fund receipts being overstated and the Motor Vehicle Highway Restricted Fund receipts each being understated by \$10,532.

A review of the disbursements paid from the MVH Restricted Fund found that several were made for expenses that were not related to construction, reconstruction, or preservation of the Town's highways. The MVH Restricted Fund was used to pay for gravel, sand, dirt, a parking lot for a pole barn addition, and salt for snow plowing and winter maintenance.

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city of 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 counties, cities, and 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.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and prevention purposes. . . .

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)

ORDINANCES AND RESOLUTIONS

Condition and Context

The Town did not follow its Ordinance 2018-7 for Storm Water billings during the period of January 1, 2020 to December 31, 2022. Per the ordinance, customers were to be billed \$4 monthly but were only billed \$3.50.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

CASH DISBURSEMENTS

Condition and Context

Seventeen checks totaling \$9,507 were written to "Cash" throughout the audit period without supporting documentation to determine that the cash was used for the purpose listed in the ledger and claim. The detail of these checks is as follows:

Fund	Year	Number of Checks	Total Amount	Description
Volunteer Fund	2018	1	\$ 1,500	fair expenses
Volunteer Fund	2019	2	1,500	fair expenses
Volunteer Fund	2021	1	1,250	fair expenses
Volunteer Fund	2022	1	1,800	fair expenses
Volunteer Fund	2018	1	100	Easter supplies
Volunteer Fund	2019	2	200	Easter supplies
Volunteer Fund	2018	1	572	circus sponsor, advance circus tickets, golf cart raffle
Volunteer Fund	2018	1	275	cash for golf cart drawing
Volunteer Fund	2020	1	100	golf cart scavenger hunt
Volunteer Fund	2021	1	300	skeleton contest winners
Volunteer Fund	2022	1	750	Halloween Harvest contest prizes
First Responder Fund	2021	2	360	Shop with a Cop
First Responder Fund	2022	1	500	Shop with a Cop
General Fund	2018	1	300	gifts for first responders
Total		<u>17</u>	<u>\$ 9,507</u>	

Criteria

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

FUND SOURCES AND USES

Condition and Context

Disbursements made from the Motor Vehicle Highway, Motor Vehicle Highway Restricted Fund, Local Road And Street, Water Utility Operating, and Wastewater Utility Operating funds were for items not authorized by the applicable laws for the respective funds.

The following errors occurred:

1. The Motor Vehicle Highway Fund disbursements were made for payments on police vehicles and to pay for repairs on a fire truck.
2. The Local Road and Street fund disbursements were made for repairs on a fire truck.

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

3. The Water Utility Operating fund and Wastewater Utility Operating fund disbursements were made to pay for internet service for the library.
4. The Motor Vehicle Highway Restricted Fund disbursements were made for items not related to construction, reconstruction, or preservation of the Town's highways.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

INTERNAL CONTROLS OVER DISBURSEMENTS

Condition and Context

The Town designed and implemented internal controls over disbursements to ensure the accuracy of the ledger postings; however, the internal controls were ineffective. Due to the lack of effective internal controls, the errors identified in the *FUND SOURCES AND USES* comment occurred.

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. . . ."

USE OF TOWN FUNDS TO PURCHASE GIFT CARDS

Condition and Context

Gift cards were purchased with Town funds and awarded to participants at the Hometown Heroes Celebration. There was not an inventory or log maintained of the gift cards purchased and awarded to establish accountability over the gift cards.

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

Criteria

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)

CLERK-TREASURER
TOWN OF PARKER CITY
EXIT CONFERENCE

The contents of this report were discussed on December 21, 2023, with Kim Cecil, Clerk-Treasurer, and Aaron Stephens, Town Council member.