

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF ALFORDSVILLE

DAVISS COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**

05/29/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Charles Robbins	01-01-19 to 12-31-24
President of the Town Council	Robert Raven Barry Tedrow	01-01-19 to 12-31-23 01-01-24 to 12-31-24
Town Manager/Fiscal Officer	Mary Ann Brown	01-01-19 to 12-31-24



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF ALFORDSVILLE, DAVIESS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Alfordsville (Town), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Charles Robbins, Clerk-Treasurer; Barry Tedrow, President of the Town Council; and Mary Ann Brown, Town Manager/Fiscal Officer, on May 21, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 9, 2024

TOWN OF ALFORDSVILLE  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

Internal control deficiencies resulted in noncompliance over the following:

- Annual Financial Report
- Condition of Records
- Prescribed Forms
- Appropriations
- Annual Financial Report - Other Information
- Capital Assets
- MVH Restricted
- Payroll

*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. . . ."

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The financial information entered into Gateway included following errors:

- Receipts and disbursements for the Alfordsville Water Utility fund were omitted for 2020. Total receipts and disbursements were \$144,063 and \$132,417, respectively.
- Receipts for the EDIT fund were omitted for 2022 in the amount of \$3,635.
- The Alfordsville Water Utility fund disbursements were overstated by \$12,159 in 2022.

TOWN OF ALFORDSVILLE  
COMMENTS  
(Continued)

- The Local & Fiscal Relief and ARPA fund receipts were omitted in 2021 and 2022 by \$11,289 and \$11,374, respectively.
- The EDIT fund receipts were omitted in 2023 in the amount of \$3,740.
- The Alfordsville Water Utility fund receipts and disbursements were understated by \$3,861 and \$2,944, respectively, in 2023.

Adjustments were proposed, accepted by the Town, and made to the financial statements presented in this report.

*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 as set forth in the uniform compliance guidelines. 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](#)."

**CONDITION OF RECORDS**

The same comment also appeared in prior Reports B41443, B49469, and B54826.

*Condition and Context*

Monthly bank reconciliations were not accurately prepared during the audit period. A comparison of bank transactions to the ledger was not prepared to determine outstanding items and/or posting errors to the ledger, which resulted in the following errors:

- The depository balance exceeded the ledger balance by \$2,125 at December 31, 2019.
- The ledger balance exceeded the depository balance by \$117 at December 31, 2020.
- The depository balance exceeded the ledger balance by \$633 at December 31, 2021.
- The depository balance exceeded the ledger balance by \$117 at December 31, 2022.
- The ledger balance exceeded the depository balance by \$754 at December 31, 2023.
- An old outstanding check from the Alfordsville Water Utility fund issued in 2017 in the amount of \$400 has not been receipted into the ledger as it is outstanding and unpaid for a period of two or more years.
- Out of 35 disbursements tested, 2 were not posted to the ledger in December 2020, totaling \$192.

TOWN OF ALFORDSVILLE  
COMMENTS  
(Continued)

*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."

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

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 Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**PRESCRIBED FORMS**

*Condition and Context*

The following prescribed forms were not used properly:

- Form 217, Clerk-Treasurer's Receipt, was not issued for water utility collections.
- Form 208, Ledger of Receipts, Disbursements and Balances, was used, but all funds were commingled on the Form. Separate sheets were not maintained for each fund.

*Criteria*

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)

TOWN OF ALFORDSVILLE  
COMMENTS  
(Continued)

**APPROPRIATIONS**

The same comment also appeared in prior Reports B41443 and B49469. This same comment appeared in a Management Letter addressed to the Officials of the Town, for the review period ending December 31, 2018.

*Condition and Context*

The records presented for review indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
General	2021	\$ 2,278
General	2022	276
Local Road and Street	2022	341

*Criteria*

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body . . ."

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Financial and other information are required to be entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. The other information contained the following errors:

*Schedule of Capital Assets*

A detailed listing of capital assets was not maintained, and no capital asset policy was provided. As a result, the amount reported for capital assets in the AFR could not be verified. The Town reported capital assets of \$195,115 at December 31, 2023.

*Schedule of Payables and Receivables*

The Town reported \$0 as Accounts Payable and Accounts Receivable, respectively, as of December 31, 2020. The Accounts Payable and Accounts Receivables reported for 2019, 2021, 2022, and 2023 were materially inaccurate because amounts reported were the actual total disbursements and receipts for each year, respectively.

TOWN OF ALFORDSVILLE  
COMMENTS  
(Continued)

*Grants Schedule*

Federal grant monies of \$11,289 and \$11,374 for fiscal year 2021 and 2022, respectively, were not reported.

*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 as set forth in the uniform compliance guidelines. 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](#)."

**CAPITAL ASSETS**

*Condition and Context*

The Town had not adopted a capital asset policy that details the threshold at which an item is considered a capital asset. The Town did not maintain a detailed listing of capital assets owned which reflects their acquisition value. The Town reported capital assets of \$195,115 at December 31, 2023, in the Indiana Gateway for Government Units financial reporting system.

*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 detailed 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)

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

*Condition and Context*

The Town established the MVH Restricted Fund but the required Fund Number of "203" was not used. In addition, the Town did not allocate at least 50 percent of the state distributions from the State Motor Vehicle Highway Account (MVH), at the time of receipt, into the MVH Restricted fund during the audit period. The amount that should have been receipted into MVH Restricted fund for the audit period was \$9,257; however, the Town only receipted \$3,715.

*Criteria*

Indiana Code 8-14-1-5(c) states:

"Except as provided in subsection (d), 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."

TOWN OF ALFORDSVILLE  
COMMENTS  
(Continued)

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 preservation 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)

**RECORD OF HOURS WORKED**

*Condition and Context*

The Town Manager did not keep attendance and/or time records.

*Criteria*

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

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

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS

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TOWN OF ALFORDSVILLE  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
General Fund	\$ 25,784	\$ 12,521	\$ 11,234	\$ 27,071	\$ 7,188	\$ 20,685	\$ 13,574
Motor Vehicle Highway	22,386	4,356	446	26,296	3,834	10,368	19,762
Local Road And Street	8,325	2,575	612	10,288	90,430	93,665	7,053
MVH Restricted	-	-	-	-	354	-	354
Rainy Day	2,650	-	-	2,650	606	-	3,256
EDIT	9,255	2,791	-	12,046	3,211	-	15,257
Alfordsville Water Utility	59,359	133,193	115,822	76,730	144,063	132,417	88,376
Totals	<u>\$ 127,759</u>	<u>\$ 155,436</u>	<u>\$ 128,114</u>	<u>\$ 155,081</u>	<u>\$ 249,686</u>	<u>\$ 257,135</u>	<u>\$ 147,632</u>

TOWN OF ALFORDSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
General Fund	\$ 13,574	\$ 11,289	\$ 6,278	\$ 18,585	\$ 10,218	\$ 6,276	\$ 22,527
Motor Vehicle Highway	19,762	3,942	-	23,704	2,284	-	25,988
Local Road And Street	7,053	1,849	735	8,167	2,702	341	10,528
MVH Restricted	354	520	-	874	1,015	-	1,889
Rainy Day	3,256	-	-	3,256	-	-	3,256
Opioid	-	-	-	-	25	-	25
Levy Excess	-	-	-	-	105	-	105
EDIT	15,257	3,075	-	18,332	3,762	-	22,094
Alfordsville Water Utility	88,376	132,734	126,920	94,190	144,084	127,332	110,942
Local & Fiscal Relief and ARPA	-	11,289	-	11,289	11,374	-	22,663
Totals	<u>\$ 147,632</u>	<u>\$ 164,698</u>	<u>\$ 133,933</u>	<u>\$ 178,397</u>	<u>\$ 175,569</u>	<u>\$ 133,949</u>	<u>\$ 220,017</u>

TOWN OF ALFORDSVILLE  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
General Fund	\$ 22,527	\$ 9,874	\$ 5,645	\$ 26,756
Motor Vehicle Highway	25,988	973	-	26,961
Local Road And Street	10,528	2,692	188	13,032
MVH Restricted	1,889	1,826	-	3,715
Rainy Day	3,256	-	-	3,256
Opioid	25	17	-	42
Levy Excess	105	-	-	105
EDIT	22,094	3,740	-	25,834
Alfordsville Water Utility	110,942	138,546	148,296	101,192
Local & Fiscal Relief and ARPA	22,663	-	-	22,663
Totals	<u>\$ 220,017</u>	<u>\$ 157,668</u>	<u>\$ 154,129</u>	<u>\$ 223,556</u>