

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF LIVONIA

WASHINGTON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
01/15/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Hansley Farmer	01-01-20 to 12-31-24
President of the Town Council	Mike Whitfield	01-01-20 to 12-31-24



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## INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF LIVONIA, WASHINGTON 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 Livonia (Town), for the period of January 1, 2020 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.ifonline.org>.

The contents of this report were communicated to Hansley Farmer, Clerk-Treasurer, and Troy Farmer, Town Council member, on December 17, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

November 7, 2024

TOWN OF LIVONIA  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

The lack of effective internal controls resulted in noncompliance over the following areas:

- Adoption of, and Training on, Internal Control Standards
- Monthly and Annual Uploads

*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. . . ."

**ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B55446.

*Condition and Context*

The Town had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. The Town employee whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Town, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

TOWN OF LIVONIA  
COMMENTS  
(Continued)

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

Not all monthly and annual engagement files were uploaded via the Indiana Gateway for Government Units financial reporting system as required. The following files were not uploaded:

- For 2020, the annual funds ledger and salary ordinance.
- For 2021, the annual funds ledger and salary ordinance.
  - The monthly bank statements, approved Town Council minutes, and funds ledger for July to December.
- For 2022, the annual funds ledger and salary ordinance.
  - The monthly bank statements and funds report for July to December and approved Town Council minutes for November to December.
- For 2023, the annual funds ledger and salary ordinance.
  - The monthly bank statements for January to December.

*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. (Amended State Examiner Directive 2018-1, Updated October 30, 2023, and effective starting with December 2023 monthly files and 2023 annual files. The December 2023 monthly file upload is due February 15, 2024, and by the 15th of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. For all calendar year end units, the 2023 annual file upload is due March 1, 2024, and on March 1 each year thereafter unless the SBOA establishes a different date.)

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 Towns and Cities, Chapter 1)

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

TOWN OF LIVONIA  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
General	\$ 15,637	\$ 7,085	\$ 7,025	\$ 15,697	\$ 8,783	\$ 7,314	\$ 17,166
Motor Vehicle Highway	27,266	3,698	3,552	27,412	2,765	4,051	26,126
Local Road And Street	4,877	1,426	-	6,303	1,565	-	7,868
Livonia Community Park Fund	2,781	-	249	2,532	-	103	2,429
Cumulative Capital Improvement	1,229	278	-	1,507	263	-	1,770
MVH DF	-	1,161	60	1,101	2,605	-	3,706
Covid Relief Fund	-	-	-	-	6,938	-	6,938
Zoning	150	30	-	180	-	-	180
Totals	<u>\$ 51,940</u>	<u>\$ 13,678</u>	<u>\$ 10,886</u>	<u>\$ 54,732</u>	<u>\$ 22,919</u>	<u>\$ 11,468</u>	<u>\$ 66,183</u>

TOWN OF LIVONIA  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
General	\$ 17,167	\$ 9,225	\$ 6,688	\$ 19,704	\$ 9,101	\$ 8,203	\$ 20,602
Motor Vehicle Highway	26,126	2,317	3,692	24,751	3,134	5,265	22,620
Local Road And Street	7,869	1,552	-	9,421	1,557	-	10,978
Livonia Community Park Fund	2,430	-	-	2,430	-	2,430	-
Cumulative Capital Improvement	1,770	180	-	1,950	195	-	2,145
MVH DF	3,706	2,313	-	6,019	2,129	-	8,148
Covid Relief Fund	6,938	6,938	-	13,876	-	-	13,876
Zoning	180	60	-	240	90	-	330
Totals	\$ 66,186	\$ 22,585	\$ 10,380	\$ 78,391	\$ 16,206	\$ 15,898	\$ 78,699