

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF DALEVILLE

DELAWARE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/21/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amy Roberts	01-01-23 to 12-31-24
President of the Town Council	Thomas Roberts	01-01-23 to 12-31-23
	Adam Jones	01-01-24 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

TO: THE OFFICIALS OF THE TOWN OF DALEVILLE, DELAWARE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Daleville (Town), for the period from January 1, 2023 to December 31, 2023. 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 Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. 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

August 19, 2024

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CLERK-TREASURER
TOWN OF DALEVILLE

CLERK-TREASURER
TOWN OF DALEVILLE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the Town related to financial close and reporting. The Town had properly designed internal controls over financial close and reporting; however, the internal controls were not effective, or properly implemented, and allowed material misstatements to remain undetected.

Due to the lack of effective internal controls, the financial statement presented for audit included the following errors:

- The General fund disbursements were understated by \$4,208, and the ending cash balance was overstated by \$4,208.
- The SRF SW Fund beginning balance was understated by \$543,626, the receipts were understated by \$23,446, the disbursements were understated by \$179,850, and the ending cash balance was understated by \$387,222.
- The SRF SW Bond and Interest fund beginning balance was understated by \$10,624, the receipts were understated by \$44,233, the disbursements by \$28,384, and the ending balance was understated by \$26,473.
- The SRF SW Reserve fund beginning balance was understated by \$3,472, the receipts were understated by \$10,767, and the ending balance was understated by \$14,239.

Adjustments were proposed, accepted by the Town, and made to the financial statement presented in the Financial Statement Audit Report of the Town.

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](#)."

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.

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

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 Statement and Supplementary Information

Financial, supplemental, grant, 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 Town had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

- The General fund disbursements were understated by \$4,208, and the ending cash balance was overstated by \$4,208.
- The SRF SW Fund beginning balance was understated by \$543,626, the receipts were understated by \$23,446, the disbursements were understated by \$179,850, and the ending cash balance was understated by \$387,222.
- The SRF SW Bond and Interest fund beginning balance was understated by \$10,624, the receipts were understated by \$44,233, the disbursements by \$28,384, and the ending balance was understated by \$26,473.
- The SRF SW Reserve fund beginning balance was understated by \$3,472, the receipts were understated by \$10,767, and the ending balance was understated by \$14,239.

The errors noted above were corrected by the Town in the AFR, submitted via Gateway, and resubmitted.

Grants

- The COVID-19 - Coronavirus State and Local Fiscal Recovery Fund program expenditures were understated by \$1,578,280.

The errors noted above were corrected by the Town in the AFR, submitted via Gateway and resubmitted.

Accounts Payable/Accounts Receivable Schedule

Documentation to support the accounts payable and accounts receivable information entered into the AFR in Gateway, for 2023 was not available; therefore, we could not verify the accuracy of the information.

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

Leases and Debt

The leases and debt information entered into Gateway contained the following errors:

- The Stormwater System Improvement Bond ending principle balance was understated by \$1,038,000.
- The Stormwater System Improvement Bond principle due in one year was understated by \$16,481.

The errors noted above were corrected by the Town in the AFR, submitted via Gateway, and resubmitted.

Criteria

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ORDINANCES AND RESOLUTIONS

Condition and Context

Internal controls over water rates billed was insufficient to ensure rates charged were in accordance with the rate ordinance.

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

The Town did not comply with its Water Utility Rate Ordinance No. 2019-03 that was approved on October 15, 2019. The ordinance stated that beginning April 1, 2023, the new rates were to be charged. Due to a miscommunication with the software company, the rates were not updated, causing customers to be undercharged from April 1, 2023 to December 31, 2023.

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)

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CLERK-TREASURER
TOWN OF DALEVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2024, with Amy Roberts, Clerk-Treasurer; Thomas Roberts, Town Council member; Bill Walters, Town Council member; and Steve Brogan, Town Council member.