

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

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF HUNTINGTON

HUNTINGTON COUNTY, INDIANA

January 1, 2022 to December 31, 2023



FILED
12/26/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Delinquent Utility Accounts	6-7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christi McElhaney	01-01-22 to 12-31-24
Mayor	Richard Strick	01-01-22 to 12-31-24
President of the Board of Public Works and Safety	Richard Strick	01-01-22 to 13-31-24
President Pro Tempore of the Common Council	Charles E. Chapman	01-01-22 to 13-31-24
Utility Office Manager	Jennifer Gunn	01-01-22 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

This report is supplemental to the audit report of the City of Huntington (City), for the period from January 1, 2022 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 City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City'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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

December 12, 2024



CLERK-TREASURER
CITY OF HUNTINGTON

CLERK-TREASURER
CITY OF HUNTINGTON
AUDIT RESULT AND COMMENT

DELINQUENT UTILITY ACCOUNTS

Condition and Context

The City had not designed or implemented effective internal controls over Utility accounts. The lack of effective internal controls allowed noncompliance to go undetected during the audit period.

Throughout the audit period, the City did not assess penalties on customer Utility accounts for late payment of water and wastewater service fees, as required by City ordinance. Additionally, the City did not file liens with the County against related property for delinquent wastewater accounts.

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
CITY OF HUNTINGTON
AUDIT RESULT AND COMMENT
(Continued)

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)

Indiana Code 36-9-23-33 states in part:

". . . (c) Except as provided in subsection (m), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
 - (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.
- (d) The officer shall record a copy of each list or each individual instrument with the county recorder. . . .
- (f) . . . Using the lists and instruments prepared under subsection (c) and recorded under subsection (d), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (d), certify to the county auditor a list of the unpaid liens for collection with the next May installment of property taxes. . . ."

CLERK-TREASURER
CITY OF HUNTINGTON
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2024, with Christi McElhaney, Clerk-Treasurer; Richard Strick, Mayor; Charles E. Chapman, President Pro Tempore of the Common Council; Todd Johnson, Common Council member; Dwight Brautigam, Common Council member; Andrew Rensberger, Common Council member; and Jeff Sherlock, Redevelopment Authority Board member.