

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CLOVERDALE

PUTNAM COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
04/14/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cheryl Galloway	01-01-12 to 12-31-19
President of the Town Council	Coweta Patton	01-01-13 to 12-31-16
Superintendent of Utilities	J. Richardson Saucerman (Interim)	01-01-13 to 12-18-13
Superintendent of Public Works	Chuck Knuf	12-19-13 to 11-13-14
Town Manager	Wayne Galloway	11-14-14 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF CLOVERDALE, PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Cloverdale (Town), for the period from January 1, 2013 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Town, which provides our opinions on the Town's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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 Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

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

January 7, 2016

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CLERK-TREASURER
TOWN OF CLOVERDALE

CLERK-TREASURER
TOWN OF CLOVERDALE
FEDERAL FINDING

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: one of the two reported federal projects was reported with an incorrect CFDA number, program title, and federal agency. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

CLERK-TREASURER
TOWN OF CLOVERDALE
FEDERAL FINDING
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."



Council Members

Coweta Patton, President
Don Sublett, Vice President
Larry Fidler, Member
Gary Bennington, Member
Cindy Holland, Member

CORRECTIVE ACTION PLAN

FINDING 2014-001

Cheryl Galloway Clerk Treasurer

765-795-6033

When the Schedule of Federal Awards is prepared for "2015", The Clerk Treasurer will go to the Federal Clearing House website to verify that each and every grant title report agrees with the CFDA number.

Once the Town's accounting consultant, Charlene Brown, prepares the SEFA from the Town's records, the Clerk-Treasurer and Town Council President will review the schedule for accuracy before it is submitted in Gateway.

This procedure will begin immediately

Cheryl Galloway
(Signature)

Clerk Treasurer
(Title)

1-6-16
(Date)

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CLERK-TREASURER
TOWN OF CLOVERDALE
AUDIT RESULT AND COMMENT

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

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
TOWN OF CLOVERDALE
EXIT CONFERENCE

The contents of this report were discussed on January 7, 2016, with Cheryl Galloway, Clerk-Treasurer; Wayne Galloway, Town Manager; and Coweta Patton, President of the Town Council.

TOWN COUNCIL
TOWN OF CLOVERDALE

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AUDIT RESULT AND COMMENT

ORDINANCES AND RESOLUTIONS

The Town of Cloverdale adopted rate ordinances in October 2012 prescribing water and wastewater rates to be charged to customers, as well as rates for charges for hydrants and automatic sprinklers. During the testing of individual customer account billings, it was noted that the Town did not comply with its existing ordinance. Four of the ten tested wastewater customer account billings were billed at less than the ordinance rates due to a coding error in the billing software. It was also noted that nine of nine tested billings for automatic sprinklers were incorrect due to the same coding error.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN COUNCIL
TOWN OF CLOVERDALE
EXIT CONFERENCE

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