

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF FREMONT

STEUBEN COUNTY, INDIANA

January 1, 2013 to December 31, 2016



**FILED**  
01/04/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary K. Parsons	01-01-12 to 12-31-19
President of the Town Council	C. Steven Brown	01-01-13 to 12-31-17
Superintendent of Water Utility	Steven P. Gard	01-01-13 to 12-31-17
Superintendent of Wastewater Utility	James C. Humbarger	01-01-13 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF FREMONT, STEUBEN COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Fremont (Town), for the period from January 1, 2013 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://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 Examination 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 Examination Result and Comment, incorporated within this report, was not verified for accuracy.

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

November 20, 2017

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CLERK-TREASURER  
TOWN OF FREMONT

CLERK-TREASURER  
TOWN OF FREMONT  
EXAMINATION RESULT AND COMMENT

**INTERNAL CONTROLS**

A control policy had been established for the preparation and review of the Annual Financial Report (AFR). Under this policy, the Clerk-Treasurer was to prepare the AFR and the Deputy Clerk-Treasurer was to review the AFR prior to submission of the report. During a review of this control policy, it was determined that there was no documentation that the control policy was being followed. Without documentation, the control activity cannot be adequately monitored.

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."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators."



*Clerk-Treasurer*  
*Mary K. (Kathy) Parsons*  
*Office: 260-495-7805*  
*Fax: 260-495-2446*  
[fremontct@townoffremont.org](mailto:fremontct@townoffremont.org)

*Steve Brown – Council President*  
*Town Council Members*  
*Joe Thomas    Lon Keyes*  
*Linda Fulton    Steve Vaughn*  
[www.townoffremont.org](http://www.townoffremont.org)

November 30, 2017

Paul Joyce  
State Examiner  
Indianapolis, IN

Official Response – Town of Fremont Report

Gateway Submission of Annual Report

Dear Mr. Joyce,

In response that the annual report is not verified before submission into Gateway for 2016. For the time frame listed, the Clerk-Treasurer would prepare the annual report and have the Deputy Clerk review the report before submission. With the new internal controls that have been implemented, the requirement is to also document with signatures of both parties that have reviewed the report prior to submitting. The sign off is a new requirement that we were not aware of so starting with the 2017 annual report submission, we will have both myself and the Deputy sign off that the report has been reviewed by both.

Thank you for bringing this to our attention and for the opportunity to respond to the Audit for 2013, 2014, 2015 and 2016.

Respectfully,

A handwritten signature in black ink that reads "Mary K. Parsons". The signature is written in a cursive style.

Mary K Parsons, IAMC,MMC,CPFA,CPFIM,CMO  
Clerk-Treasurer  
Town of Fremont

CLERK-TREASURER  
TOWN OF FREMONT  
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2017, with Mary K. Parsons, Clerk-Treasurer, and C. Steven Brown, President of the Town Council.