

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF HUNTERTOWN

ALLEN COUNTY, INDIANA

January 1, 2015 to December 31, 2017



FILED
05/23/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cathy Mittendorf (Vacant) Ryan Schwab	01-01-15 to 01-06-17 01-07-17 to 01-08-17 01-09-17 to 12-31-18
President of the Town Council	Patricia Freck Mike Aker Mike Stamets	01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
President of the Utility Service Board	Andrew Conner Louie Zimmer Chris Miller Jim Fortman	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
Superintendent of Utilities	Don Papai (Vacant)	01-01-15 to 11-01-17 11-02-17 to 12-31-18
Utility Office Manager	Rosemary Scheele	01-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF HUNTERTOWN, ALLEN COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Huntertown (Town), for the period from January 1, 2015 to December 31, 2017. 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 our Financial Statements Audit Report of the Town, which provides our opinion on the Town's financial statements and federal program compliance. 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.

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

April 18, 2018

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CLERK-TREASURER
TOWN OF HUNTERTOWN

CLERK-TREASURER
TOWN OF HUNTERTOWN
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Report B47165, entitled *BANK ACCOUNT RECONCILIATIONS*.

The bank account reconciliation at December 31, 2016, did not agree to the fund report. The fund report exceeded the bank reconciliation by \$4,108. The bank account reconciliations at December 31, 2015 and 2017, agreed to the fund reports.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CONDITION OF RECORDS

In 2016, the Town began to draw down the State Revolving Fund (SRF) Revenue Bonds for the construction of a wastewater treatment plant. These SRF transactions were not recorded in the accounting system and were added as the Wastewater Utility - BONY Construction fund in the Town's Annual Financial Reports for 2016 and 2017. The SRF draws and the construction of the wastewater treatment plant extended into 2018 and began operations in March of 2018.

We were unable to trace the state distributions for the period of February 2015 to May 2015 to the Town's ledger for the General fund, Motor Vehicle Highway fund, and Local Road and Street fund. The individual amounts for each state distribution could not always be identified in the ledger; however, the state distributions could be traced to the bank statements. There were several posting errors and adjustments made throughout 2015 and 2016. Due to the condition of records for the Town, it was difficult to verify some of the tax distributions and other testing procedures.

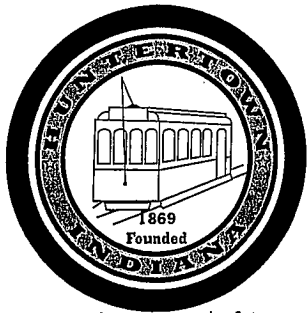
At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ANNUAL FINANCIAL REPORT

The Town did not report federal grants received and expended during the audit period in their Schedule of Expenditures of Federal Awards, which was prepared each year using the online Indiana Gateway for Government Units. In 2015, Disaster Grants - Public Assistance (Presidentially Declared Disasters, CFDA 97.036), of \$9,128; and Highway Planning and Construction (CFDA 20.205), of \$45,624, were not reported. In 2016 and 2017, Highway Planning and Construction (CFDA 20.205), of \$89,806 and \$85,007, respectively, were not reported.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."



TOWN OF HUNTERTOWN

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State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2765

Dear State Board of Accounts,

This letter serves as our official response to the State Board of Accounts audit for the Town of Huntertown for the period examined, 1/1/2015 through 12/31/17.

The first point is to acknowledge that I, Ryan Schwab, took over as Clerk-Treasurer of the Town of Huntertown on January 9, 2017, and have limited or no knowledge related to findings during the fiscal years 2015 and 2016.

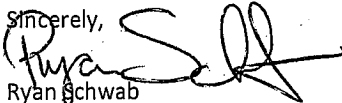
The audit revealed three results and comments which I will address individually.

- 1) Bank Account Reconciliations. This comment is a repeat finding, appearing in prior report #B47165. It states the bank account reconciliation for December 31, 2016 did not agree to the Fund Report, with the Fund Report exceeding the bank reconciliation by \$4,108. The bank account reconciliations for December 21, 2015 and 2017 agreed to the fund reports. In this case, a consultant was hired by the town to assist the clerk-treasurer with bank reconciliation. Today, that consultant is no longer contracted by the town. The town has used a different consultant, not for these services, but to train on how to properly reconcile the bank statements. As the audit indicates, the bank reconciliation for 2017 does agree with the Fund Report and we are continuing to reconcile our bank statements in 2018.
- 2) Condition of Record. This comment relates to transactions by the town for a State Revolving Fund (SRF) loan. Transactions were not recorded and had to be added to the town's Annual Financial Report for 2016 and 2017. I was unaware that these transactions needed to be handled this way and am taking the necessary steps to rectify that for future years, including 2018. Additionally, State distributions during the period of February 2015 to May 2015 were not easily identifiable in the ledger and there were several posting errors. Again, I was not the clerk-treasurer at this time and those issues were cleaned up in 2017.
- 3) Annual Financial Report. This comment indicates that the Town did not report federal grants received and expended during the audit period. I was unaware that these transactions needed to be handled this way and am taking the necessary steps to rectify that for future years, including 2018.

In closing, I understand that this letter will be made part of the final report and will be made available to the public upon request.

Thank You!

Sincerely,


Ryan Schwab

Clerk-Treasurer

Town of Huntertown

CLERK-TREASURER
TOWN OF HUNTERTOWN
EXIT CONFERENCE

The contents of this report were discussed on April 18, 2018, with Ryan Schwab, Clerk-Treasurer; Rosemary Scheele, Utility Office Manager; Jim Fortman, President of the Utility Service Board; and Mike Stamets, President of the Town Council.