

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ELNORA

DAVISS COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
02/13/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judy Stedman Heather L. Davis	01-01-12 to 04-05-13 04-05-13 to 12-31-19
President of the Town Council	Johnny Mathias Cory Parsons Jesse Emmons	01-01-13 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-19
Superintendent of the Water Utility	Wayne Ellis	01-01-13 to 12-31-18
Superintendent of the Wastewater Utility	Wayne Ellis	01-01-13 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF ELNORA, DAVIESS COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Elnora (Town), for the period from January 1, 2013 to December 31, 2013. 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 Statement Audit Report of the Town, which provides our opinion 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.

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

December 19, 2018

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CLERK-TREASURER
TOWN OF ELNORA

CLERK-TREASURER
TOWN OF ELNORA
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2013 was incomplete. The report did not include the receipts, disbursements, and ending cash and investment balances for the Water Utility-BNY funds. Adjustments to the financial statement were proposed to management. The adjustments were approved by and made to the financial statement by the Town.

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](#)."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in the prior Report B42568.

The Town had not implemented an adequate internal control system related to financial transactions and reporting. The Town had not separated incompatible activities related to receipts, utility billing and collections, and financial close and reporting. The failure to establish these controls enabled material misstatements or irregularities to remain undetected.

The Clerk-Treasurer was responsible for performing all duties related to receipts, utility billing and collections, and financial transactions and reporting. There was no segregation of duties, such as an oversight, review, or approval process.

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

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. . . ."

ORDINANCES AND RESOLUTIONS

Ordinance WS 98-1, passed January 3, 1998, established procedures for non-payment of utility bills by the Town's utility customers. The Ordinance states: "If the utility bill is not paid by the 28th of the month, and if no acceptable arrangements for payment has been made by the customer, then the water meter will be shut off and or pulled." Based on a review of the Aged Trial Balance Report, utility customers are not disconnected in a timely manner. The accounts receivable balance as of December 31, 2013, were \$9,047 and \$15,958 for the water and wastewater utility, respectively.

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)

CLERK-TREASURER
TOWN OF ELNORA
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2018, with Heather L. Davis, Clerk-Treasurer; Jesse Emmons, President of the Town Council; Jed Jerrels, Town Council member; and Deanna Callison, Town Council member.

TOWN COUNCIL
TOWN OF ELNORA

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AUDIT RESULT AND COMMENT

ORDINANCES AND RESOLUTIONS

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