

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CENTERVILLE

WAYNE COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
12/13/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Susan E. Dillman	01-01-16 to 12-31-19
President of the Town Council	Daniel Wandersee	01-01-17 to 12-31-17
	Jack Bodiker	01-01-18 to 12-31-18
	Daniel Wandersee	01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CENTERVILLE, WAYNE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Centerville (Town), for the period from January 1, 2017 to December 31, 2018. 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 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.

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

November 6, 2019

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CLERK-TREASURER
TOWN OF CENTERVILLE

CLERK-TREASURER
TOWN OF CENTERVILLE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

For the years ended December 31, 2017 and 2018, the following funds were not recorded in the Town's ledger: SRF DW B & I FUND - BNY, SRF DW DSR FUND - BNY, SRF WW SINKING FUND - BNY, SRF WW DSR - BNY, SRFWW - 18A - BNY, SRFWW - 18B - BNY, OCRA GRANT WW, and STORMWATER DSR - HNB. As a result, cash receipts, cash disbursements, and cash and investment balances were not reported correctly by the Clerk-Treasurer in the Indiana Gateway for Government Units financial reporting system, which is used to generate the Annual Financial Report and financial statement. For the years ended December 31, 2017 and 2018, cash receipts were understated by \$369,260 and \$1,426,283, cash disbursements were understated by \$358,838 and \$1,433,035, and cash and investment balances were understated by \$890,343 and \$883,591, respectively.

Adjustments were proposed, approved by the Town, and made to the financial statement.

The Town had established internal controls over financial transactions and reporting; however, the controls were not effective. The established controls did not prevent, or detect and correct, errors with the recording and reporting of the transactions related to the above funds.

Criteria

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)

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](#)."

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
TOWN OF CENTERVILLE
EXIT CONFERENCE

The contents of this report were discussed on November 6, 2019, with Susan E. Dillman, Clerk-Treasurer; Daniel Wandersee, President of the Town Council; and Mark A. Tucker, Town Council member.