

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF FAIRVIEW PARK

VERMILLION COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
04/07/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Milisa Carty	01-01-16 to 12-31-23
President of the Town Council	Larry Natalie	01-01-16 to 12-31-20
Water Superintendent	Susan Crossley	01-01-16 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF FAIRVIEW PARK, VERMILLION COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Fairview Park (Town), for the period from January 1, 2016 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 Statements Audit Report of the Town, which provides our opinions 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 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

March 16, 2020

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CLERK-TREASURER  
TOWN OF FAIRVIEW PARK

CLERK-TREASURER  
TOWN OF FAIRVIEW PARK  
AUDIT RESULTS AND COMMENTS

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town certified in the Indiana Gateway for Government Units financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal standards adopted by the Town; however, during the engagement, the Clerk-Treasurer indicated that personnel had not received training concerning the internal control standards.

*Context*

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](#)."

**OVERDRAWN CASH BALANCES**

The same comment also appeared in the immediately prior Report B48179.

*Condition and Context*

The cash balance for the Wastewater Utility-Operating fund was overdrawn \$75,952, \$74,529, and \$87,734 as of December 31, 2016, 2017, and 2018, respectively.

*Criteria*

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**PAYROLL DEDUCTIONS**

The same comment also appeared in the immediately prior Report B48179.

*Condition and Context*

The Town's records did not support the amount of payroll taxes paid to Internal Revenue Service and Indiana Department of Revenue. The total wages shown on the Employer's Quarterly Federal Tax Return (941) forms did not agree to the total wages on the W-2 forms. The W-2 forms showed more in wages than the 941 forms.

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

*Criteria*

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**ORDINANCES AND RESOLUTIONS**

*Condition and Context*

The Town had ordinances establishing the water and sewer rates for the billed monthly consumption, Water Rates and Charges Ordinance No 2011-17 and Sewage Rate Ordinance 2000-5. However, the Town did not comply with these current ordinances.

*Criteria*

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)

**INTERNAL CONTROLS**

*Condition and Context*

The Town did not have an adequate system of internal control over cash and investments and receipts.

*Cash and Investments*

Complete monthly bank account reconciliations were not performed for the Town's investment account, the construction account, and the Town's main bank account, with the exception of December of each year.

*Receipts*

The Town had not separated incompatible activities related to receipts. Receipts were issued and recorded by the Clerk-Treasurer without a documented oversight, review, or approval process.

*Criteria*

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:

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

"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. . . ."

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."

CLERK-TREASURER  
TOWN OF FAIRVIEW PARK  
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2020, with Larry Natalie, President of the Town Council; Milisa Carty, Clerk-Treasurer; and Susan Crossley, Water Superintendent.

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TOWN COUNCIL  
TOWN OF FAIRVIEW PARK

TOWN COUNCIL  
TOWN OF FAIRVIEW PARK  
AUDIT RESULT AND COMMENT

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

Town employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Town, had not received training that was developed or approved by the Indiana State Board of Accounts over internal control standards.

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL  
TOWN OF FAIRVIEW PARK  
EXIT CONFERENCE

The contents of this report were discussed on March 16, 2020, with Larry Natalie, President of the Town Council; Milisa Carty, Clerk-Treasurer; and Susan Crossley, Water Superintendent.