

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SELLERSBURG

CLARK COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
07/30/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michelle D. Miller	01-01-19 to 12-31-20
President of the Town Council	Paul J. Rhodes Brad Amos	01-01-19 to 12-31-19 01-01-20 to 01-31-20
Director of Municipal Works	Lori Kearney (interim)	01-01-19 to 05-26-20*
Town Manager	Charlie Smith	02-10-20 to 12-31-20

\*Position eliminated



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET  
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TO: THE OFFICIALS OF THE TOWN OF SELLERSBURG, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Sellersburg (Town), for the period from January 1, 2019 to December 31, 2019. 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 opinions on the Town's financial statement. 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

June 15, 2020

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CLERK-TREASURER  
TOWN OF SELLERSBURG

CLERK-TREASURER  
TOWN OF SELLERSBURG  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

Internal controls were not in place to ensure all depository accounts were reconciled to the ledger monthly.

Utility collections are deposited into a utility collections clearing bank account. Once a month, the collections are transferred from the clearing account to the corresponding utility accounts. Monthly reconciliations of the utility collections clearing bank account with utility collections financial records were not performed. Failure to perform reconciliations could result in the incorrect amounts being transferred to the corresponding utility accounts and incorrect financial statements.

*Criteria*

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."

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.

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

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. . . ."

***TIMELY RECORDING***

*Condition and Context*

Water, wastewater, and sanitation collections were not recorded to the records in a timely manner. Beginning in April, monthly collections were recorded to the ledger in the subsequent month. As a result, collections for the month of December totaling \$472,525 were not recorded to the financial records until January 2020.

Audit adjustments were proposed, accepted by the Town, and made to the financial statement.

*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)

CLERK-TREASURER  
TOWN OF SELLERSBURG  
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2020, with Michelle D. Miller, Clerk-Treasurer; Brad Amos, President of the Town Council; and Charlie Smith, Town Manager.

TOWN MANAGER  
TOWN OF SELLERSBURG

TOWN MANAGER  
TOWN OF SELLERSBURG  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS**

*Condition and Context*

Internal controls were not in place to ensure control accounts were being reconciled monthly with subsidiary account balances.

The Utility Meter Deposit fund was not being reconciled with the subsidiary record balance of deposit funds being held for utility customers.

A utility accounts receivable control memo account was not being maintained and reconciled with the detail subsidiary record of balances owed by utility customers.

Reconcilements are necessary to ensure that all financial activity that is processed through the subsidiary records is recorded in the financial statements. The failure to reconcile the subsidiary records to the control account could result in incomplete and inaccurate activity being recorded in the financial statement.

*Criteria*

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)

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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. . . ."

TOWN MANAGER  
TOWN OF SELLERSBURG  
EXIT CONFERENCE

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