

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF JAMESTOWN

BOONE COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
11/06/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamara "Katie" Conyer	01-01-17 to 09-12-19
	Catrina Cook	09-13-19 to 12-31-20
President of the Town Council	Shane Childress	01-01-17 to 12-31-18
	Chassity Hawkins	01-01-19 to 12-31-19
	Shane Childress	01-01-20 to 02-18-20
	(Vacant)	02-19-20 to 03-05-20
	David Phelps	03-06-20 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF JAMESTOWN, BOONE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Jamestown (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 opinions 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

September 29, 2020

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CLERK-TREASURER
TOWN OF JAMESTOWN

CLERK-TREASURER
TOWN OF JAMESTOWN
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The Clerk-Treasurer prepared and submitted the Annual Financial Report (AFR) through the Indiana Gateway for Government Units financial reporting system for the Town and the Town's Utilities. The AFR submitted for 2018 contained material errors and did not match the records of the Town and the Town's Utilities. These errors resulted in total understatements to receipts and disbursements of \$793,219 and \$799,838, respectively. Audit adjustments were proposed, accepted by the Town, and made to the financial statement.

Criteria

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](#)."

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system for the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to cash and investments, receipts, and financial close and reporting.

Cash and Investments

Internal controls over cash and investments were not properly implemented. Monthly bank reconciliations were to be prepared by the Clerk-Treasurer and reviewed by the Town Council; however, no documented evidence was presented to verify the reviews had been performed.

Receipts

Receipts were written and deposited solely by the Clerk-Treasurer, with no evidence of an effective oversight, review, or approval process in place to ensure the accuracy of the receipts.

In addition, deficiencies were identified in the Town's processes and procedures for determining monthly electric and water utility account charges. Billings prior to May 2018, generated under a previous software system, were unable to be verified.

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

Financial Close and Reporting

The Annual Financial Report uploaded into the Indiana Gateway for Government Units financial reporting system was prepared and submitted solely by the Clerk-Treasurer with no evidence of an effective oversight, review, or approval process in place to ensure the accuracy of the report.

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:

"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. . . ."

ELECTRIC AND WATER UTILITY BILLINGS

Condition and Context

A sample of 30 utility bills were selected to test electric, water, and wastewater customer charges during the audit period. Of the 30 selected, electric and water account charges were unable to be verified for 23 of the monthly bills. Using the approved rate ordinances in effect, recalculation of the 23 electric and water utility billings found all to have been overcharged. No billing errors were identified with the wastewater utility. In May 2018, the Town converted to a new utility billing system, and all overcharges were determined to have occurred under the prior billing system. No billing errors were identified after implementation of the new billing system. Total overcharges were unable to be determined; however, the errors were projected to result in a material misstatement of the financial statement.

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)

CLERK-TREASURER
TOWN OF JAMESTOWN
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2020, with Catrina Cook, Clerk-Treasurer.