



STATE OF INDIANA
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July 27, 2021

To: The Officials of the Town of Lapel
Town of Lapel
P.O. Box 999
Lapel, IN 46051

This report is supplemental to the audit report of the Town of Lapel (Town), for the period from January 1, 2019 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the Town. It should be read in conjunction with the financial statement audit report of the Town, which provides an opinion on the Town's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the Town and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for the Town of Lapel prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2019 to December 31, 2020. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains two Examination Findings and Results.

The report is filed with this letter in our office as a matter of public record.

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

**COMPLIANCE EXAMINATION OF
TOWN OF LAPEL**

Madison County, Indiana
January 1, 2019 to December 31, 2020

TOWN OF LAPEL

Madison County, Indiana
January 1, 2019 to December 31, 2020

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2020-001: CONDITION OF RECORDS – ANNUAL FINANCIAL REPORT	3
2020-002: CONDITION OF RECORDS – CLASSIFICATION OF RECEIPTS AND DISBURSEMENTS	3
EXIT CONFERENCE	4

TOWN OF LAPEL
SCHEDULE OF OFFICIALS
January 1, 2019 to December 31, 2020

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dennis Molina	01-01-19 to 12-31-20
President of the Town Council	Debra Wainscott	01-01-19 to 12-31-19
	Chad Blake	01-01-20 to 12-31-20

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Town of Lapel

We have examined Town of Lapel's ("Town") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2019 to December 31, 2020. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Town during the period January 1, 2019 to December 31, 2020, as described in items 2020-001 and 2020-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Town complied, in all material respects, with the aforementioned requirements during the period January 1, 2019 to December 31, 2020.

The Town's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Town's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.



Crowe LLP

Indianapolis, Indiana
June 2, 2021

TOWN OF LAPEL
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2019 to December 31, 2020

FINDING 2020-001: CONDITION OF RECORDS – ANNUAL FINANCIAL REPORT

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, *“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.”*

Condition: We noted the general fund on the submitted 2020 Annual Financial Report (AFR) did not include \$518,989 of disbursements incurred during the year thereby overstating cash balances on the AFR. The bank reconciliation as of December 31, 2020 properly reconciled, however the activity was not properly captured in the AFR.

Management noted this was due to an upload issue from their accounting software and that the Town’s internal records agreed to the corrected Annual Financial Report.

FINDING 2020-002: CONDITION OF RECORDS – CLASSIFICATION OF RECEIPTS AND DISBURSEMENTS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, *“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.”*

Condition: We noted on the 2019 and 2020 AFR submissions that the Town improperly classified receipt and disbursements on several funds as part of the Other Receipts and Disbursements category when the activity actually related to other categories. Guidelines require that receipts and disbursements be categorized by the natural classification using the standard chart of accounts and definitions. Management noted their internal accounting records provide this level of detail and they will review the mapping of internal records to the AFR receipts and disbursement categories.

TOWN OF LAPEL
EXIT CONFERENCE
January 1, 2019 to December 31, 2020

The contents of this report were discussed on May 26, 2021 with Paula Lee, Deputy Clerk and Teresa Retherford, Council Member.