



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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August 16, 2021

To: The Officials of the Town of New Market  
Town of New Market  
P.O. Box 311  
New Market, IN 47965

This report is supplemental to the audit report of the Town of New Market (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/](http://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 New Market 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. Pages 3 through 6 contain six 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 NEW MARKET**

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

TOWN OF NEW MARKET  
Montgomery County, Indiana  
January 1, 2019 to December 31, 2020

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

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Clark-Treasurer	Darlene Services	01-01-19 to 12-31-20
President of the Town Council	Joe Dodds	01-01-19 to 12-31-20

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
the Town of New Market

We have examined Town of New Market's ("Town") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns* 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 Unit'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* applicable to the Town during the period January 1, 2019 to December 31, 2020, as described in items 2020-001 through 2020-006 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 finding identified in our examination is described in the accompanying Schedule of Examination Findings and Results. The Town's response was not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on it.

  
Crowe LLP

Indianapolis, Indiana  
August 11, 2011

**CLERK-TREASURER  
TOWN OF NEW MARKET**

**FINDING 2020-001: CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Clerk-Treasurer incorrectly certified on the Annual Financial Report (AFR) that the Town had adopted internal control standards and that the Town personnel had received training regarding the internal control standards. The Town had not adopted internal control standards, nor ensured that personnel received the training. This finding is repeated from report B53790.

*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](#)."

**FINDING 2020-002: ANNUAL FINANCIAL REPORT**

*Condition and Context*

The AFRS for 2019 and 2020 did not contain the Payroll fund, which was material to the financial statements. Audit adjustments were recommended to the Clerk-Treasurer and accepted by the officials.

The financial statements presented in this report reflect these adjustments and resulted in a presentation that is materially correct. This finding is repeated from report B53790.

*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](#)."

**FINDING 2020-003: INTERNAL CONTROLS**

*Condition and Context*

The Town had not designed or implemented a proper control system related to cash and investments, receipts, and financial transactions and reporting. Controls should be in place to reduce the risks of errors in financial reporting. Additionally, the Town did not have a system to identify and communicate corrective actions to improve controls. Effective internal controls over cash and investments, receipts, and financial transactions and reporting require the Town to monitor and assess the quality of the system of internal control. This finding is repeated from report B53790.

*Cash and Investments*

The Town contracted with a third-party to perform the monthly bank reconcilements. The Town did not have a proper oversight, approval, or review process to ensure the accuracy of the reconcilements.

*Receipts*

The Clerk-Treasurer completed all aspects of the receipting process. She receives all funds, completed deposits of those funds, and records the amounts in the ledger without a system of oversight, review, or approval to ensure the accuracy of the receipts.

*Financial Transactions and Reporting*

The Town contracted with a third-party to file its AFR in the Indiana Gateway for Government Units financial reporting system. The Town did not have a proper oversight, review, or approval process over the financial information input into the AFR.

*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 .....

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators .....

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented .....

Management remediates identified issues .....

**FINDING 2020-004: MOTOR VEHICLE HIGHWAY FUND**

*Condition and Context*

The Town did not break out the MVH fund in to the unrestricted and restricted separate funds on the AFR for 2019 and 2020. The Town properly separated the MVH fund in to the unrestricted and restricted funds on the Town's internal records, but the Town did not update the AFR to break out the MVH fund.

*Criteria*

State Examiner Directive 2018-002 states in part:

"Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. The political subdivision, by ordinance or resolution, may elect to allocate more than fifty percent (50%) of the distributions to MVH Restricted. During the same fiscal year, the political subdivision may transfer, by ordinance or resolution, the amount allocated in excess of the 50% requirement from MVH Restricted to MVH. "

**TOWN COUNCIL  
TOWN OF NEW MARKET**

**FINDING 2020-005: ADOPTION OF INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town Council did not ensure that the minimum internal control standards were adopted by the Town. This finding is repeated from report B53790.

*Criteria*

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

"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 . . ."

**FINDING 2020-006: TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town Council did not ensure that all applicable personnel had received training concerning the internal control standards and procedures adopted by the Town. Town and Town Utility personnel had not received training on internal control standards. This finding is repeated from report B53790.

*Criteria*

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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

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The contents of this report were discussed on August 11, 2021 with Darlene Servies, Clerk-Treasurer, Joe Dobbs, Council President, Steve Selby, Financial Advisor, and Corby Thompson, Consultant.