

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF WOODBURN

ALLEN COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

12/07/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Timothy J. Cummins	01-01-19 to 12-31-23
Mayor	Joseph F. Kelsey	01-01-19 to 12-31-23
President of the Board of Public Works and Safety	Joseph F. Kelsey	01-01-19 to 12-31-23
President of the Common Council	Joseph F. Kelsey	01-01-19 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF WOODBURN, ALLEN COUNTY, INDIANA

This report is supplemental to the audit report of the City of Woodburn (City), for the period from January 1, 2019 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statements Audit Report of the City, which provides our opinions on the City's financial statements. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

November 16, 2023

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CLERK-TREASURER
CITY OF WOODBURN

CLERK-TREASURER
CITY OF WOODBURN
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital assets, leases and debt, and payables and receivables information entered into Gateway contained the following errors at December 31, 2022:

Capital Assets

The completed Sewer Improvement Project for which the City received \$7,566,000 of State Revolving Loan Funds, was not included in the capital asset balances of the wastewater utility. As a result, capital assets of the wastewater utility were understated as follows: Infrastructure, \$829,625; Improvements other than buildings, \$3,688,182; and Machinery, equipment, and vehicles, \$321,613.

Adjustments were proposed, accepted by the City, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statements Audit Report for the City.

Leases and Debt

The principal of the Sewage Works Revenue Bonds of 2017, Series A (SRF) was overstated by \$198,521.

An adjustment was proposed, accepted by the City, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statements Audit Report for the City.

Payables and Receivables

The City did not separate amounts owed to the City for the trash, water, and wastewater utilities. Instead, all accounts receivable amounts were reported as owed to the wastewater utility. In addition, unpaid services and costs were not reported as accounts payable.

The City has determined the Schedule of Payables and Receivables will not be presented in the Financial Statements Audit Report for the City as Other Information.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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](#)."

CLERK-TREASURER
CITY OF WOODBURN
AUDIT RESULTS AND COMMENTS
(Continued)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

Although separated on the City's fund ledger, the Motor Vehicle Highway (MVH) and MVH Restricted funds were combined on the Annual Financial Reports.

Criteria

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

...

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report and Annual Operational Report.

(State Examiner Directive 2018-2)

PENALTY CHARGE ERRORS

Condition and Context

Penalties charged were not assessed according to the City's local utility rate ordinance, or Indiana Code, as applicable, for two of the four customers tested. These customers were undercharged for the late payment of trash, water, and wastewater utility bills.

Criteria

Indiana Code 36-9-23-31 states:

"If fees assessed against real property under this chapter or any statute repealed by [IC 19-2-5-30](#) (repealed September 1, 1981) are not paid within the time fixed by the municipal legislative body, they are delinquent. A penalty of ten percent (10%) of the amount of the fees attaches to the delinquent fees. The amount of the fee, the penalty, and a reasonable attorney's fee may be recovered by the board in a civil action in the name of the municipality."

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)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
CITY OF WOODBURN
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2023, with Joesph F. Kelsey, Mayor; Timothy J. Cummins, Clerk-Treasurer; Kim Hoepfner, Deputy Clerk-Treasurer; and Vicky Sarrazine, Common Council member.