

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF AMO

HENDRICKS COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

05/24/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lori Estes	01-01-19 to 12-31-19
	Morgan Hurst	01-01-20 to 12-31-20
	Lori Estes (interim)	01-31-20 to 02-06-20
	Barb Strahl	02-07-20 to 12-31-24
President of the Town Council	James Travelsted	01-01-19 to 12-31-23
	Donna Watson	01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF AMO, HENDRICKS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Amo (Town), for the period of January 1, 2019 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Barb Strahl, Clerk-Treasurer; Mark Wicks, Town Council member; and Donna Watson, President of the Town Council, on May 20, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 12, 2024

TOWN OF AMO
COMMENTS

ADOPTION OF, AND TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS

Condition and Context

For 2019, 2020, 2021, and 2022, the Town certified on the Indiana Gateway for Government Units financial reporting system that the internal control standards were adopted and all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Town; however, the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts had not been adopted, and training had not been provided to necessary employees and officials.

Criteria

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

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

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. . . ."

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure capital assets were properly reported and accounted for. As of December 31, 2022, the Town reported \$1,582,196 in total capital assets on the Schedule of Capital Assets in the Indiana Gateway for Government Units financial reporting system. The Town had not adopted a capital assets policy that details the threshold at which an item is considered a capital asset. In addition, the Town had not conducted a physical inventory at least every two years or maintained a complete detailed listing of all capital assets owned which reflects their acquisition value.

TOWN OF AMO
COMMENTS
(Continued)

Criteria

Every unit must have a capital asset policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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:

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COMPENSATION AND BENEFITS

Condition and Context

Internal controls were not in place to ensure all compensation paid to officials and employees was included in the salary ordinance. The Town adopted a salary ordinance for each year of the engagement period. However, during testing of payroll expenditures, 5 of the 10 employees were paid an amount greater than the salary ordinance. The Town indicated this was tenure pay; however, the Town was unable to provide supporting documentation to determine the correct amount of tenure pay for each of the 5 employees.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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:

TOWN OF AMO
COMMENTS
(Continued)

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

TOWN OF AMO
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
General	\$ 85,732	\$ 162,037	\$ 154,260	\$ 93,509	\$ 168,335	\$ 160,770	\$ 101,074
Motor Vehicle Highway	50,452	32,102	24,496	58,058	27,757	39,584	46,231
Local Road And Street	26,630	10,141	5,000	31,771	10,675	24,862	17,584
Community Building Improvement Fund	8,045	-	45	8,000	-	2,413	5,587
Law Enforcement Continuing Ed	893	10	-	903	250	275	878
Riverboat	7,823	2,375	-	10,198	2,375	2,257	10,316
Co Economic Development Income Tax	24,763	12,887	14,220	23,430	13,477	14,669	22,238
Cumulative Capital Improvement	19,211	916	-	20,127	869	8,000	12,996
SOUTHSIDE DRAINAGE	-	-	-	-	4,000	-	4,000
2020 RESURFING PROJECT	-	-	-	-	87,448	87,448	-
Interurban Doc	19,143	18,000	19,421	17,722	-	192	17,530
Federal	299	3,164	3,201	262	3,456	3,430	288
State And County	429	3,283	3,260	452	3,294	3,214	532
Medicare	279	2,013	1,998	294	1,937	1,902	329
Social Security	1,093	8,606	8,545	1,154	8,284	8,130	1,308
Fire Trucks	11,000	-	-	11,000	-	-	11,000
Police Cars	1,445	1,445	1,445	1,445	1,792	517	2,720
Community Building Planning	2,210	-	3	2,207	-	-	2,207
Totals	<u>\$ 259,447</u>	<u>\$ 256,979</u>	<u>\$ 235,894</u>	<u>\$ 280,532</u>	<u>\$ 333,949</u>	<u>\$ 357,663</u>	<u>\$ 256,818</u>

TOWN OF AMO
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
General	\$ 101,074	\$ 178,777	\$ 161,041	\$ 118,810	\$ 175,424	\$ 167,916	\$ 126,318
Motor Vehicle Highway	46,232	30,243	38,827	37,648	29,928	30,557	37,019
Local Road And Street	17,584	11,058	25,566	3,076	10,788	3,807	10,057
Community Building Improvement Fund	5,587	-	-	5,587	-	-	5,587
Law Enforcement Continuing Ed	878	3	-	881	250	-	1,131
Riverboat	10,317	2,373	314	12,376	2,297	2,985	11,688
Co Economic Development Income Tax	22,236	15,136	6,281	31,091	14,477	5,308	40,260
Cumulative Capital Improvement	12,997	824	-	13,821	741	8,000	6,562
Southside Drainage	4,000	184,192	188,192	-	-	-	-
ARP Fund	-	48,654	-	48,654	49,022	48,000	49,676
Central Indiana Grant Fund	-	-	-	-	3,000	-	3,000
Interurban Doc	17,530	-	346	17,184	-	266	16,918
Federal	288	3,553	3,545	296	3,553	3,553	296
State And County	532	3,400	3,420	512	3,491	3,476	527
Medicare	329	2,001	2,012	318	2,054	2,044	328
Social Security	1,307	8,555	8,602	1,260	8,781	8,742	1,299
Fire Trucks	11,000	-	-	11,000	-	-	11,000
Police Cars	2,720	6,486	4,889	4,317	4,700	-	9,017
Community Building Planning	2,207	-	-	2,207	-	-	2,207
Totals	<u>\$ 256,818</u>	<u>\$ 495,255</u>	<u>\$ 443,035</u>	<u>\$ 309,038</u>	<u>\$ 308,506</u>	<u>\$ 284,654</u>	<u>\$ 332,890</u>