

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF ROME CITY

NOBLE COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

04/24/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda K. Conley Heidi Lang	01-01-19 to 03-31-23 04-01-23 to 12-31-24
President of the Town Council	Gary J. Furlow (Vacant) Nick Hoffner	01-01-19 to 10-17-20 10-18-20 to 11-08-20 11-09-20 to 12-31-24
Superintendent of Wastewater Utility	Conrad White Scott Neukom	01-01-19 to 07-20-21 07-21-21 to 12-31-24
Town Manager	Leigh A. Pranger	01-01-19 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 ROME CITY, NOBLE 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 Rome City (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 Brenda K. Conley, former Clerk-Treasurer; Heidi Lang, Clerk-Treasurer; and Cheryl Clifton, Town Council member, on April 17, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 1, 2024

TOWN OF ROME CITY
COMMENTS

CAPITAL ASSETS REPORTED IN GATEWAY

Condition and Context

Internal controls were not in place to ensure compliance with capital assets. The amounts reported for capital assets in the Annual Financial Report (AFR) in the Indiana Gateway for Government Units (Gateway) financial reporting system for the year ending December 31, 2022, did not agree with amounts reported in the Town's detailed listing of capital assets. A summary schedule provided by the Town to act as a bridge document to reconcile the Town's detailed listing of capital assets to the amounts reported in Gateway did not match the Town amounts nor the Gateway amounts.

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detailed 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 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:

"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. . . ."

TOWN OF ROME CITY
COMMENTS
(Continued)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUNDS NOT RECEIPTED PROPERLY

Condition and Context

Internal controls were not in place to ensure the Motor Vehicle Highway (MVH) distributions from the state were accounted for properly. For the year 2022, MVH distributions from the State of Indiana were not prorated 50 percent to the MVH Fund and 50 percent to the MVH Restricted. The MVH Fund received approximately 60 percent of the MVH distributions for 2022 resulting in over receipt of \$5,555. In March of 2024, the Town Council approved a resolution to transfer \$5,555 from the MVH Fund to the MVH Restricted Fund.

Criteria

Indiana Code 8-14-1-5 states in part: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

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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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. . . ."

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

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

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-19	Receipts	Disbursements	12-31-19	Receipts	Disbursements	
General	\$ 350,092	\$ 450,620	\$ 382,901	\$ 417,811	\$ 510,558	\$ 375,400	\$ 552,969
Motor Vehicle Highway	207,532	150,092	172,506	185,118	152,356	161,346	176,128
Local Road And Street	54,718	16,845	-	71,563	16,095	-	87,658
MVH Restricted	-	51,289	38,190	13,099	39,600	38,160	14,539
TIF	60,651	28,310	1,000	87,961	22,294	6,000	104,255
Crossing Grant Fund	-	-	-	-	210,280	124,413	85,867
Law Enforcement Continuing Ed	2,811	1,899	334	4,376	2,056	408	6,024
Riverboat	41,401	9,701	8,933	42,169	8,150	11,693	38,626
Rainy Day	26,642	160	5,615	21,187	110	-	21,297
CCIF	15,312	3,193	-	18,505	3,010	-	21,515
Cumulative Capital Development	187,425	55,180	105,489	137,116	59,958	61,496	135,578
Cedit Capital Projects	88,086	70,362	56,737	101,711	82,080	55,144	128,647
Cares Act	-	-	-	-	45,096	45,096	-
LOIT/Special Dist	21,446	-	21,446	-	-	-	-
Town Donation	300	-	-	300	-	-	300
Public Safety	44,342	50,530	34,434	60,438	71,744	53,616	78,566
Park Donation	10,244	7,875	5,598	12,521	4,075	400	16,196
Police Donation	4,905	859	255	5,509	3,756	1,048	8,217
Payroll	179	393,849	393,849	179	411,869	411,868	180
Health Insurance	4,638	86,700	85,270	6,068	121,500	112,042	15,526
Watershed	14,121	9,000	8,207	14,914	10,452	7,145	18,221
Wastewater Utility-Operating	404,583	540,539	494,677	450,445	529,566	524,687	455,324
Wastewater-Debt	3,760	284	-	4,044	28	-	4,072
Wastewater-Improvement/Construction	20,033	50,328	24,563	45,798	50,142	53,622	42,318
Wastewater-B&I	11,714	56	-	11,770	56	-	11,826
Totals	<u>\$ 1,574,935</u>	<u>\$ 1,977,671</u>	<u>\$ 1,840,004</u>	<u>\$ 1,712,602</u>	<u>\$ 2,354,831</u>	<u>\$ 2,043,584</u>	<u>\$ 2,023,849</u>

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

Fund	Cash and Investments	Receipts	Disbursements	Cash and Investments	Receipts	Disbursements	Cash and Investments
	01-01-21			12-31-21			12-31-22
General	\$ 552,969	\$ 504,148	\$ 445,817	\$ 611,300	\$ 481,367	\$ 455,244	\$ 637,423
Motor Vehicle Highway	176,128	155,566	154,362	177,333	205,117	222,766	159,684
Local Road And Street	87,658	17,562	-	105,220	18,353	13,616	109,957
MVH Restricted	14,539	28,549	24,115	18,973	22,697	6,754	34,916
TIF	104,255	37,185	7,176	134,264	41,315	51,437	124,142
Crossing Grant Fund	85,867	113,997	199,864	-	182,455	179,765	2,690
Law Enforcement Continuing Ed	6,024	2,861	590	8,295	4,472	975	11,792
Riverboat	38,626	8,063	15,819	30,870	5,483	13,839	22,514
Rainy Day	21,297	13	-	21,310	825	-	22,135
Opioid Unrestricted	-	-	-	-	4,702	-	4,702
Opioid restricted	-	-	-	-	2,015	-	2,015
CCIF	21,515	2,803	4,033	20,285	2,566	8,000	14,851
Cumulative Capital Development	135,578	58,693	12,088	182,183	57,691	60,622	179,251
Cedit Capital Projects	128,647	81,060	58,075	151,632	73,708	155,675	69,665
ARP	-	157,702	46,338	111,364	158,896	165,815	104,445
Town Donation	300	50	-	350	-	-	350
Public Safty	78,566	55,070	30,202	103,434	53,724	51,961	105,197
Park Donation	16,196	15,847	9,244	22,799	2,078	4,872	20,005
Police Donation	8,217	935	3,611	5,541	1,140	162	6,519
Payroll	180	435,997	435,997	180	456,999	456,999	180
Health Insurance	15,526	122,150	130,872	6,804	124,000	121,385	9,419
Watershed	18,221	28,203	28,021	18,403	13,434	23,290	8,547
Wastewater Utility-Operating	455,324	535,548	554,318	436,554	562,764	715,611	283,707
Wastewater-Debt	4,072	3	-	4,075	73	-	4,148
Wastewater-Improvement/Construction	42,318	50,105	43,797	48,626	50,207	41,791	57,042
Wastewater-B&I	11,826	7	-	11,833	144	-	11,977
Totals	<u>\$ 2,023,849</u>	<u>\$ 2,412,117</u>	<u>\$ 2,204,339</u>	<u>\$ 2,231,627</u>	<u>\$ 2,526,225</u>	<u>\$ 2,750,579</u>	<u>\$ 2,007,273</u>