

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF DENVER

MIAMI COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

04/29/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary A. Raider	01-01-19 to 12-31-24
President of the Town Council	Allen Hetzner	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 DENVER, MIAMI 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 Denver (Town), for the period of January 1, 2019 to December 31, 2023. 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 Comment contained herein, if any, describes the identified reportable instance 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 Comment 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 Mary A. Raider, Clerk-Treasurer, and Becky Wright, Town Council member, on April 24, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 4, 2024

TOWN OF DENVER
COMMENT

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

Internal controls were not in place to ensure the Town established the Motor Vehicle Highway (MVH) - Restricted Fund. The Town was required to establish the MVH Restricted Fund and post 50 percent of distributions from the State Motor Vehicle Highway Account starting January 1, 2019. The Town did not establish the MVH Restricted Fund until September 2023.

Criteria

Indiana Code 8-14-1-5(c) states: "Except as provided in subsection (d), 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 purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes. . . .

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. . . .

(State Examiner Directive 2018-2)

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. . . ."

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

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TOWN OF DENVER
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	\$ 125,004	\$ 81,994	\$ 78,610	\$ 128,388	\$ 79,603	\$ 80,364	\$ 127,627
Motor Vehicle Highway	73,518	25,354	11,131	87,741	23,097	7,242	103,596
Local Road And Street	17,242	3,812	-	21,054	3,652	-	24,706
Rainy Day	4,784	-	-	4,784	-	-	4,784
Cedit Special Revenue	19,696	3,173	-	22,869	3,664	-	26,533
Cumulative Capl Imprv Cigarette Tax	14,832	1,101	-	15,933	1,045	160	16,818
Cumulative Capital Development	19,197	4,024	849	22,372	4,183	1,883	24,672
Cumulative Fire	11,539	2,656	1,924	12,271	2,928	6,000	9,199
Public Safety	12,388	2,269	-	14,657	2,610	2,500	14,767
Wastewater Utility - Construction Fund	34,370	9,000	-	43,370	9,000	-	52,370
Water Utility-Depreciation/Improve	20,000	-	-	20,000	-	-	20,000
Wastewater Utility-Operating	141,249	127,516	127,249	141,516	123,927	127,575	137,868
Wastewater Utility-Debt Reserve	20,500	-	-	20,500	-	-	20,500
Totals	<u>\$ 514,319</u>	<u>\$ 260,899</u>	<u>\$ 219,763</u>	<u>\$ 555,455</u>	<u>\$ 253,709</u>	<u>\$ 225,724</u>	<u>\$ 583,440</u>

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

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-21	Receipts	Disbursements	12-31-21	Receipts	Disbursements	
General	\$ 127,628	\$ 90,163	\$ 78,016	\$ 139,775	\$ 86,971	\$ 91,810	\$ 134,936
Motor Vehicle Highway	103,598	24,850	6,927	121,521	25,160	10,714	135,967
Local Road And Street	24,705	3,936	-	28,641	4,096	774	31,963
Rainy Day	4,784	-	-	4,784	-	-	4,784
Cedit Special Revenue	26,533	3,888	-	30,421	3,769	-	34,190
Opioid	-	-	-	-	97	-	97
Cumulative Capl Imprv Cigarette Tax	16,818	990	-	17,808	868	-	18,676
Cumulative Capital Development	24,673	3,923	-	28,596	3,717	3,178	29,135
Cumulative Fire	9,199	2,745	755	11,189	2,601	3,413	10,377
Donations	-	20,000	-	20,000	-	7,158	12,842
Public Safety	14,767	2,758	-	17,525	2,663	-	20,188
American Relief Fund	-	50,529	-	50,529	50,529	44,738	56,320
Wastewater Utility - Construction Fund	52,370	9,000	-	61,370	9,000	47,778	22,592
Water Utility-Depreciation/Improve	20,000	-	-	20,000	-	-	20,000
Wastewater Utility-Operating	137,868	127,842	130,184	135,526	132,481	138,625	129,382
Wastewater Utility-Debt Reserve	20,500	-	-	20,500	-	-	20,500
Totals	<u>\$ 583,443</u>	<u>\$ 340,624</u>	<u>\$ 215,882</u>	<u>\$ 708,185</u>	<u>\$ 321,952</u>	<u>\$ 348,189</u>	<u>\$ 681,949</u>

TOWN OF DENVER
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
General	\$ 134,932	\$ 89,354	\$ 91,250	\$ 133,036
Motor Vehicle Highway	135,966	21,853	16,815	141,004
Local Road And Street	31,962	4,222	-	36,184
MVH Restricted	-	3,532	-	3,532
Rainy Day	4,784	-	-	4,784
Cedit Special Revenue	34,190	4,074	-	38,264
Opioid	97	68	51	114
Cumulative Capl Imprv Cigarette Tax	18,676	868	-	19,544
Cumulative Capital Development	29,135	4,134	5,000	28,269
Cumulative Fire	10,377	2,893	1,158	12,112
Donations	12,842	-	8,986	3,856
Public Safety	20,188	2,862	-	23,050
American Relief Fund	56,319	-	-	56,319
Wastewater Utility - Construction Fund	22,591	9,000	230	31,361
Water Utility-Depreciation/Improve	20,000	-	-	20,000
Wastewater Utility-Operating	129,382	138,351	121,751	145,982
Wastewater Utility-Debt Reserve	20,500	-	-	20,500
Totals	<u>\$ 681,941</u>	<u>\$ 281,211</u>	<u>\$ 245,241</u>	<u>\$ 717,911</u>