

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

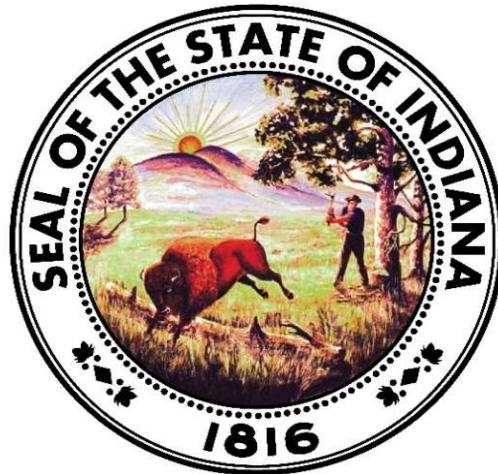
COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF UTICA

CLARK COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

07/24/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-8
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	10-11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia A. Love	01-01-20 to 01-31-22
	Ed Meyer	02-01-22 to 12-31-23
	Patrick Glotzbach	01-01-24 to 12-31-24
President of the Town Council	John S. Long	01-01-20 to 12-31-21
	Henry Dorman	01-01-22 to 12-31-23
	John S. Long	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 UTICA, CLARK 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 Utica (Town), for the period of January 1, 2020 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 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 Patrick Glotzbach, Clerk-Treasurer; John S. Long, President of the Town Council; Patricia A. Love, former Clerk-Treasurer; and Ed Meyer, former Clerk-Treasurer, on July 15, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 26, 2024

TOWN OF UTICA
COMMENTS

INTERNAL CONTROLS

Condition and Context

The Town did not have internal controls in place to ensure compliance with laws and regulations over the following areas as detailed further in the comments below: fund sources and uses, Annual Financial Report, capital assets, record of hours worked, training on internal control standards, certification on internal control standards, and motor vehicle highway - (mvh) restricted fund.

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. . . ."

FUND SOURCES AND USES

Condition and Context

A receipt for American Rescue Plan funds was incorrectly recorded in the Community Crossings Grant fund in the amount of \$105,835 in the year 2022.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ANNUAL FINANCIAL REPORT

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 Town had not established internal controls to detect or correct errors prior to submission. The financial information was prepared and submitted in Gateway by the Clerk-Treasurer without a review or approval process. The lack of effective internal controls allowed errors to occur and go undetected.

Financial Data

Due to the lack of effective internal controls, the financial statement presented in the AFR for the Town contained an overstatement of General fund disbursements of \$3,302, for 2022.

TOWN OF UTICA
COMMENTS
(Continued)

Adjustments were proposed, accepted by the Town, and made to the financial statement.

Capital Asset Schedule

The amounts reported for infrastructure in Gateway did not have any supporting documentation to verify the amounts were accurate. The Town reported infrastructure of \$10 as of December 31, 2023, in the AFR via the Gateway.

Grant Schedule

The Town incorrectly reported \$204,680 on the 2022 AFR federal grant schedule for the Community Crossings Grant that is a state funded program.

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 as set forth in the uniform compliance guidelines. 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](#)."

CAPITAL ASSETS

Condition and Context

The Town has a capital asset policy, and a physical inventory is completed at least every two years. However, the capital asset listing is not complete as it does not include infrastructure. The Town reported infrastructure of \$10 as of December 31, 2023, in the Annual Financial Report via the Indiana Gateway for Government Units financial reporting system.

Criteria

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 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 Cities and Towns, Chapter 1)

RECORD OF HOURS WORKED

Condition and Context

Per Ordinance 2017-04, the Town Marshal is required to work at least 20 hours a week. The Town Marshal did not properly document time worked utilizing the prescribed form, General Form 99A Employee's Service Record, throughout the engagement period.

TOWN OF UTICA
COMMENTS
(Continued)

Criteria

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town was unable to provide training certifications on the internal control standards for the Clerk-Treasurer starting February 1, 2022. The Clerk-Treasurer starting February 1, 2022, had not received training concerning the internal control standards and procedures adopted by the political subdivision.

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 UTICA
COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town's Annual Financial Report information entered into the Indiana Gateway for Government Units financial reporting system certified everyone had received the required internal control training. However, the Town was unable to provide training certifications on the internal control standards for the Clerk-Treasurer starting February 1, 2022.

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 as set forth in the uniform compliance guidelines. 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](#)."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The MVH Restricted fund can only be used for the construction, reconstruction, and preservation of the Town's highways. One disbursement was made during the engagement period in the amount of \$5,391 to purchase road salt. This is considered a maintenance expense and is not an allowable expenditure from the MVH Restricted fund.

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."

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

TOWN OF UTICA
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-20	Receipts	Disbursements	12-31-20	Receipts	Disbursements	
General	\$ 88,421	\$ 263,139	\$ 226,129	\$ 125,431	\$ 291,447	\$ 245,760	\$ 171,118
Motor Vehicle Highway	65,899	14,728	28,344	52,283	16,811	26,488	42,606
Local Road And Street	35,211	25,913	13,582	47,542	28,293	9,476	66,359
MVH Restricted	16,650	14,728	-	31,378	16,278	-	47,656
Non-Revolving Credit Fund	-	60,408	60,408	-	136,203	136,203	-
Parks And Recreation	2,233	-	1,395	838	-	-	838
Rainy Day Fund	477	-	-	477	-	-	477
CEDIT	2,886	16,060	12,375	6,571	14,644	12,052	9,163
LOIT-SP	8,831	-	8,831	-	-	-	-
Cumulative Capital Improvement	2,632	1,683	2,918	1,397	1,594	-	2,991
LOIT	11,577	16,623	11,933	16,267	16,392	11,614	21,045
Park Donation Fund	182	-	-	182	-	-	182
Local Public Safety Fund	180	755	450	485	-	-	485
Shop With A Cop	3,933	7,229	5,654	5,508	18,601	9,856	14,253
Utica Street Maintenance	3,500	-	2,000	1,500	1,250	1,000	1,750
Redevelopment Fund	70	-	-	70	-	-	70
Town Donations	120	-	-	120	-	-	120
Flood Disaster 2019	7,238	-	7,238	-	-	-	-
ARP	-	-	-	-	105,436	-	105,436
Real Estate Fund	-	-	-	-	2,499,500	256,412	2,243,088
Permits	100	27,634	27,734	-	50,006	50,006	-
Police Equipment Fund	21	15,215	6,885	8,351	16,308	13,041	11,618
Totals	<u>\$ 250,161</u>	<u>\$ 464,115</u>	<u>\$ 415,876</u>	<u>\$ 298,400</u>	<u>\$ 3,212,763</u>	<u>\$ 771,908</u>	<u>\$ 2,739,255</u>

TOWN OF UTICA
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-22	Receipts	Disbursements	12-31-22	Receipts	Disbursements	
General	\$ 171,118	\$ 305,978	\$ 272,757	\$ 204,339	\$ 355,397	\$ 310,356	\$ 249,380
Motor Vehicle Highway	42,606	20,543	30,321	32,828	28,232	24,603	36,457
Local Road And Street	66,359	29,268	18,024	77,603	29,661	15,899	91,365
MVH Restricted	47,656	14,545	-	62,201	20,381	5,391	77,191
Parks And Recreation	838	10,000	427	10,411	-	211	10,200
Rainy Day Fund	477	-	-	477	-	-	477
CEDIT	9,163	17,215	12,435	13,943	13,986	13,200	14,729
Cumulative Capital Improvement	2,991	1,561	2,900	1,652	1,773	2,900	525
LOIT	21,045	18,142	15,503	23,684	12,409	17,732	18,361
Park Donation Fund	182	-	-	182	-	-	182
Local Public Safety Fund	485	-	-	485	-	-	485
Shop With A Cop	14,253	1,309	14,751	811	-	811	-
Utica Street Maintenance	1,750	-	750	1,000	-	-	1,000
Redevelopment Fund	70	88,105	9,096	79,079	80,794	128,922	30,951
Town Donations	120	-	-	120	-	-	120
ARP	105,436	399	84,759	21,076	-	14,589	6,487
Real Estate Fund	2,243,088	36,488	72,183	2,207,393	-	179,671	2,027,722
Community Crossing Grant	-	204,680	150,353	54,327	-	-	54,327
Permits	-	64,711	64,711	-	9,990	9,990	-
Police Equipment Fund	11,618	2,125	3,010	10,733	70	4,468	6,335
Totals	<u>\$ 2,739,255</u>	<u>\$ 815,069</u>	<u>\$ 751,980</u>	<u>\$ 2,802,344</u>	<u>\$ 552,693</u>	<u>\$ 728,743</u>	<u>\$ 2,626,294</u>