

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF NEW AMSTERDAM

HARRISON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

10/29/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Regina Glass	01-01-20 to 12-31-24
President of the Town Council	Lee McCullum	01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF NEW AMSTERDAM, HARRISON 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 New Amsterdam (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>.

Officials did not respond to our attempts to schedule an exit conference. An exit conference was scheduled for October 2, 2024, but no Town personnel were in attendance.



Beth Kelley, CPA, CFE
Deputy State Examiner

July 18, 2024

TOWN OF NEW AMSTERDAM
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:

- Monthly and Annual Uploads
- Motor Vehicle Highway (MVH) - Restricted Fund
- Board Minutes
- Supporting Documentation
- Capital Assets
- Compensation and Benefits
- Adoption of, and Training on, Internal Control Standards
- Certification on Internal Control Standards

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.

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. . . ."

MONTHLY AND ANNUAL UPLOADS

A similar comment appeared in a Management Letter addressed to the Clerk-Treasurer for the period ending December 31, 2019.

Condition and Context

The Town did not complete the monthly and annual file uploads into the Indiana Gateway for Government Units financial reporting system for the years 2020 to 2023 in a timely manner for the following information:

TOWN OF NEW AMSTERDAM
COMMENTS
(Continued)

- Salary Ordinance for 2020, 2021, 2022, and 2023.
- Annual Fund Ledger for 2020, 2021, 2022, and 2023.
- Monthly Fund Ledger for December 2022.
- Board Minutes: 2021 - 7 months missing, 2022 - 9 months missing, 2023 - 6 months missing.

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

A similar comment also appeared in prior Report B55757, entitled *MOTOR VEHICLE HIGHWAY RESTRICTED FUND*.

Condition and Context

The Town did not establish an MVH Restricted fund for the receipt of 50 percent of the state MVH Distribution.

Criteria

Indiana Code 8-14-1-5(c) states in part: "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. . . .

TOWN OF NEW AMSTERDAM
COMMENTS
(Continued)

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)

BOARD MINUTES

Condition and Context

The Town did not provide Town Council minutes or documentation of Town Council meeting for seven months during 2021, nine months during 2022, and six months during 2023. Additionally, no documentation was presented to support the yearly reorganization of the Town Council for 2022 and 2023.

Criteria

Indiana Code 36-6-6-7 states:

"(a) The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chair for that year and one (1) member as secretary for the year.

(b) If a newly elected legislative body holds a special meeting before the first Tuesday after the first Monday in January following its election, it shall elect a chair and a secretary before conducting any other business. The chair and secretary elected at the special meeting retain those positions until the first Tuesday after the first Monday in January of the year following the special meeting."

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

TOWN OF NEW AMSTERDAM
COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Condition and Context

The Town did not provide supporting documentation for 3 of the 20 disbursements selected for testing in the amount of \$4,193. In addition, the Town did not provide any supporting documentation for payroll checks or payroll related disbursements other than the cancelled checks.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CAPITAL ASSETS

A similar comment appeared in a Management Letter addressed to the Clerk-Treasurer for the period ending December 31, 2019.

Condition and Context

The Town did not have a capital asset policy that detailed the threshold at which an item is considered a capital asset. Additionally, the Town did not provide documentation of a physical inventory completed at least once every two years. The Town reported capital assets of \$239,072 in its Annual Financial Report as of December 31, 2023.

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)

COMPENSATION AND BENEFITS

Condition and Context

The Town did not provide a copy of the approved 2020 Salary Ordinance. Therefore, we could not determine if payroll for 2020 had been properly paid.

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)

TOWN OF NEW AMSTERDAM
COMMENTS
(Continued)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55757, entitled *ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS*.

Condition and Context

The Town Council had not adopted internal control standards and procedures as required by state statute. In addition, the Town only provided documentation of the Clerk-Treasurer completing training of internal control standards. The Town did not provide documentation of the Town Council completing any internal control training.

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55757, entitled *CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

Condition and Context

For each year of the engagement period, the Clerk-Treasurer incorrectly certified that the Town had adopted internal control standards and provided training for Town personnel pertaining to those standards when submitting the Town's Annual Financial Report on the Indiana Gateway for Government Units financial reporting system.

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](#)."

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

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

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
General	\$ 912	\$ 224	\$ -	\$ 1,136	\$ 143	\$ -	\$ 1,279
Motor Vehicle Highway	2,142	1,025	-	3,167	1,123	-	4,290
Local Road And Street	1,844	1,095	-	2,939	1,154	-	4,093
Riverboat	228,083	17,990	15,493	230,580	21,986	12,215	240,351
ARP Coronavirus Local Fiscal Recovery Fund	-	-	-	-	3,161	-	3,161
Cumulative Capl Imprv Cigarette Tax	509	59	-	568	55	-	623
Contributions And Donations	577	-	-	577	-	-	577
Totals	\$ 234,067	\$ 20,393	\$ 15,493	\$ 238,967	\$ 27,622	\$ 12,215	\$ 254,374

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

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
General	\$ 1,279	\$ 75	\$ -	\$ 1,354	\$ 38	\$ -	\$ 1,392
Motor Vehicle Highway	4,290	736	-	5,026	517	-	5,543
Local Road And Street	4,093	1,124	-	5,217	1,149	-	6,366
Riverboat	240,352	22,561	17,964	244,949	18,852	12,384	251,417
ARP Coronavirus Local Fiscal Recovery Fund	3,161	3,185	-	6,346	-	6,346	-
Cumulative Capl Imprv Cigarette Tax	623	22	-	645	22	-	667
Contributions And Donations	577	-	-	577	-	-	577
Totals	<u>\$ 254,375</u>	<u>\$ 27,703</u>	<u>\$ 17,964</u>	<u>\$ 264,114</u>	<u>\$ 20,578</u>	<u>\$ 18,730</u>	<u>\$ 265,962</u>