

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF MARTINSVILLE

MORGAN COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
07/09/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecca J. Tumey Ben Merida	01-01-23 to 12-31-23 01-01-24 to 12-31-24
Mayor	Kenneth W. Costin	01-01-23 to 12-31-24
President of the Board of Public Works and Safety	Kenneth W. Costin	01-01-23 to 12-31-24
President Pro Tempore of the Common Council	Phil R. Deckard II	01-01-23 to 12-31-24
Utility Office Manager	Heather Staggs	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF THE CITY OF MARTINSVILLE, MORGAN COUNTY, INDIANA

This report is supplemental to the audit report of the City of Martinsville (City), for the period from January 1, 2023 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

June 13, 2024

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CITY OF MARTINSVILLE UTILITY
CITY OF MARTINSVILLE

CITY OF MARTINSVILLE UTILITY
CITY OF MARTINSVILLE
AUDIT RESULT AND COMMENT

DELINQUENT UTILITY ACCOUNTS

A similar comment appeared in a Management Letter addressed to the City officials for the audit period ending December 31, 2022.

Condition and Context

The City was unable to provide documentation on follow-up procedures for delinquent utility accounts that were 90 days or older. The City was not pursuing the collection of unpaid customer balances, and there was no policy in place for uncollectible accounts.

Criteria

Indiana Code 36-9-23-33 states in part:

". . . (c) Except as provided in subsection (m), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty.

(2) an individual instrument for each lot or parcel of real property on which the fees are delinquent.

(d) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(f) . . . Using the lists and instruments prepared under subsection (c) and recorded under subsection (d), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (d), certify to the county auditor a list of the unpaid liens for collection with the next May installment of property taxes. . . ."

THE CITY OF
Martinsville
INDIANA



OFFICIAL RESPONSE

June 16, 2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

RE: Comments on Accounts Payable/Accounts Receivable Schedule

We concur with the findings of the SBOA and have corrected all data entry errors. When entering the data we failed to see that the request was for outstanding information only and not the entire year. We have updated our internal notes to ensure that this error is not repeated.

RE: Comments on SEFA

We concur with the findings of the SBOA and have corrected all data entry errors. Our office is working with all necessary governmental agencies and departments to ensure that the information we receive is correct and has all the necessary information. We also have updated our system to track grants based upon expenditures and not receipts going forward to avoid this error from happening in the future.

THE CITY OF
Martinsville
INDIANA



RE: Delinquent Utility Accounts

We concur with the findings of the SBOA and have a corrective action plan in place to prevent this issue in the future. We are currently working with two agencies to assist in the collection of delinquent debts owed to the city. This will ensure that this issue is not repeated in the future.

Benjamin K Merida, Clerk Treasurer

Kenneth W Costin, Mayor

CITY OF MARTINSVILLE UTILITY
CITY OF MARTINSVILLE
EXIT CONFERENCE

The contents of this report were discussed on June 13, 2024, with Ben Merida, Clerk-Treasurer; Kenneth W. Costin, Mayor and President of the Board of Public Works and Safety; Heather Staggs, Utility Office Manager; and Phil R. Deckard II, President Pro Tempore of the Common Council.

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CLERK-TREASURER
CITY OF MARTINSVILLE

CLERK-TREASURER
CITY OF MARTINSVILLE
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

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 City had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Accounts Payable/Accounts Receivable Schedule:

- Accounts Payable was overstated by \$57,737,813, and Accounts Receivable was overstated by \$58,164,501 for the Governmental activities.
- Accounts Payable was overstated by \$421,050, and Accounts Receivable was overstated by \$613,274 for the Stormwater Utility.
- Accounts Payable was overstated by \$3,325,426, and Accounts Receivable was overstated by \$3,242,225 for the Wastewater Utility.
- Accounts Payable was overstated by \$10,099,353, and Accounts Receivable was overstated by \$9,972,904 for the Water Utility.
- Accounts Payable was overstated by \$674,570, and Accounts Receivable was overstated by \$737,828 for the Trash Disposal Utility.

Grants Schedule:

- The Community Crossing Grant, which is a state award, was erroneously included, which overstated amounts by \$565,055.
- The Highway Planning and Construction was overstated by \$265,849 due to amounts being included that were not part of the grant.
- The Coronavirus State and Local Fiscal Relief Fund was understated by \$865,469 due to the reimbursement grant being reported in error as an advance grant.
- Two other grants had individually immaterial errors that resulted in misstatements of \$17,906 in total.
- Other immaterial errors, including three incorrect federal grantor agencies, two incorrect pass-through entities, three incorrect program names, and two incorrect Assistance Listings Numbers.

Adjustments were proposed, accepted by the City, and made to the entries reported in Gateway.

Criteria

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

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OFFICIAL RESPONSE

June 16, 2024

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CLERK-TREASURER
CITY OF MARTINSVILLE
EXIT CONFERENCE

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