

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

COMPLIANCE REPORT

OF

MONTGOMERY COUNTY REDEVELOPMENT AUTHORITY

MONTGOMERY COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/30/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Mindy Byers	01-01-23 to 12-31-24
President of the Redevelopment Authority Board	John Frey	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE MONTGOMERY COUNTY REDEVELOPMENT
AUTHORITY, MONTGOMERY COUNTY, INDIANA

The Montgomery County Redevelopment Authority's (Authority) financial information was audited as part of the Montgomery County's (County) financial statements for the period from January 1, 2023 to December 31, 2023. The Financial Statements Audit Report of the County, which provides our opinions on the County's financial statements and which includes the Authority's financial information, 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 for the Authority. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Authority's Annual Financial Report information can be found on the Indiana Gateway for Government Units financial reporting system website: <https://gateway.ifionline.org> and has not been subjected to any audit procedures.

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

September 26, 2024

MONTGOMERY COUNTY REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

Financial Statement

Some transactions of the RDA 2022 Project L/R (TS), RDA 2022 Bond Int (TS), RDA 2022 Sinking Fund (TS), RDA P&I 2018, RDA 2018 Sinking Fund were not recorded in the proper audit period. The transactions were recorded in the period when the bank statement containing the transactions was received rather than the period in which the transactions occurred. The following schedule shows the overstatement and understatement for 2023:

2023 Financial Statement Over (Under) Stated				
Fund	Beginning Balance	Receipts	Disbursements	Ending Balance
RDA P&I 2018	\$ (75,080)	\$ 75,080	\$ -	\$ -
RDA 2022 Project L/R/ (TS)	666,783	652,140	1,319,371	(448)
RDA 2022 Sinking Fund (TS)	-	(134,169)	(134,169)	-
RDA 2022 Bond Int (TS)	(1,075)	(163)	(1)	(1,237)
RDA 2018 Sinking Fund	(71,636)	146,708	75,073	(1)
Totals	<u>\$ 518,992</u>	<u>\$ 739,596</u>	<u>\$ 1,260,274</u>	<u>\$ (1,686)</u>

Schedule of Capital Assets

Capital assets were reported in the amount of \$7,762,045 as of December 31, 2023. Land was overreported in the amount of \$81,958 and Construction in Progress was underreported in the amount of \$668,212.

Schedule of Leases and Debt

General obligation bonds related to the expansion of water service were improperly classified as leases when entered into the Indiana Gateway for Government Units financial reporting system. As a result, the ending balance of \$7,200,000 was not reported and the Principal Payment Due in One Year was reported as an Annual Lease Payment.

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.

MONTGOMERY COUNTY REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

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](#)."

ADOPTION OF INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls were not in place to ensure that the Authority complied with laws and regulations regarding internal control standards. The Authority had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

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."

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MONTGOMERY COUNTY REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Authority certified on the Indiana Gateway for Government Units financial reporting system that the Authority had adopted internal control standards when the Authority had not actually adopted the standards.

Context

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 Authority had not adopted a capital asset policy that detailed the threshold at which an item was considered a capital asset. All units are required to have a capital asset policy even if they do not own any assets. Assets reported by the Authority in the Annual Financial Report submission on the Indiana Gateway for Government Units financial reporting system were \$7,762,045 at December 31, 2023. Land was overreported in the amount of \$81,958 and Construction in Progress was underreported in the amount of (\$668,212).

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 Special Districts, Chapter 1)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, approved Authority Board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

MONTGOMERY COUNTY REDEVELOPMENT AUTHORITY
AUDIT RESULTS AND COMMENTS
(Continued)

The Authority did not comply with the State Examiner Directive. There were four missing bank reconciliations and none of the required annual uploads were done.

Criteria

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 Special Districts of Indiana, Chapter 1)

MONTGOMERY COUNTY REDEVELOPMENT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2024, with Mindy Byers, Fiscal Officer and County Auditor; John Frey, President of the Redevelopment Authority Board; and Greg Morrison, Redevelopment Authority Board member.