

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF UTICA

CLARK COUNTY, INDIANA

January 1, 2010 to December 31, 2016



**FILED**  
09/29/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia A. Love	01-01-08 to 12-31-19
President of the Town Council	Henry H. Dorman Steve Long	01-01-10 to 12-31-15 01-01-16 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE TOWN OF UTICA, CLARK COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Town of Utica (Town), for the period of January 1, 2010 to December 31, 2016. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6); which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Town uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

  
Paul D. Joyce, CPA  
State Examiner

August 15, 2017

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Town.  
The financial statements and notes are presented as intended by the Town.

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TOWN OF UTICA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 101,979	\$ 117,866	\$ 129,733	\$ 90,112	\$ 147,414	\$ 162,410	\$ 75,116
Motor Vehicle Highway	11,401	17,444	17,017	11,828	35,775	27,577	20,026
Local Road And Street	5,315	7,551	4,232	8,634	8,212	4,796	12,050
Christmas Decoration Fund	-	-	-	-	1,035	663	372
Parks And Recreation	7,599	4,738	6,303	6,034	3,529	5,076	4,487
Rental	-	-	-	-	100	100	-
Rainy Day Fund	11,888	-	4,537	7,351	-	-	7,351
Levy Excess Fund	-	365	-	365	3,803	365	3,803
Flood Disaster	-	-	-	-	20,024	20,024	-
Town Donation	43	-	-	43	500	-	543
Cumulative Capital Improvement	900	1,697	1,326	1,271	2,058	1,326	2,003
LOIT	-	9,964	-	9,964	8,511	3,241	15,234
Permits	-	3,136	3,136	-	6,654	6,654	-
Violation-Tickets	648	2,340	1,938	1,050	1,566	1,259	1,357
Fleece Drug & Alcohol	12,675	-	10,065	2,610	-	2,090	520
Youth Coalition	772	-	762	10	-	10	-
Police Equipment Fund	734	30	700	64	270	178	156
Totals	<u>\$ 153,954</u>	<u>\$ 165,131</u>	<u>\$ 179,749</u>	<u>\$ 139,336</u>	<u>\$ 239,451</u>	<u>\$ 235,769</u>	<u>\$ 143,018</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF UTICA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 75,116	\$ 146,347	\$ 125,020	\$ 96,443	\$ 140,631	\$ 167,135	\$ 69,939
Motor Vehicle Highway	20,026	39,329	24,815	34,540	34,560	20,859	48,241
Local Road And Street	12,050	8,475	6,763	13,762	8,626	7,505	14,883
Christmas Decoration Fund	372	50	422	-	-	-	-
Parks And Recreation	4,487	926	993	4,420	3,170	1,679	5,911
Rental	-	237	237	-	300	300	-
Rainy Day Fund	7,351	-	-	7,351	-	-	7,351
Levy Excess Fund	3,803	-	3,803	-	-	-	-
Town Donation	543	-	-	543	-	350	193
Cumulative Capital Improvement	2,003	2,083	970	3,116	2,053	2,095	3,074
LOIT	15,234	7,540	5,202	17,572	7,766	12,000	13,338
Flood Disaster	-	18,131	18,131	-	-	-	-
YMCA Fund	-	-	-	-	5,000	3,976	1,024
Permits	-	4,337	4,302	35	5,530	5,530	35
Violation-Tickets	1,357	3,862	4,238	981	3,775	3,828	928
Fleece Drug & Alchol	520	-	35	485	-	423	62
Police Equipment Fund	156	2,540	1,834	862	1,125	1,875	112
Totals	<u>\$ 143,018</u>	<u>\$ 233,857</u>	<u>\$ 196,765</u>	<u>\$ 180,110</u>	<u>\$ 212,536</u>	<u>\$ 227,555</u>	<u>\$ 165,091</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF UTICA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2015 and 2016

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 69,939	\$ 133,807	\$ 135,751	\$ 67,995	\$ 139,031	\$ 160,409	\$ 46,617
Motor Vehicle Highway	48,241	30,006	24,753	53,494	42,929	32,755	63,668
Local Road And Street	14,883	8,799	1,305	22,377	8,819	4,074	27,122
Parks And Recreation	5,911	8,451	1,965	12,397	1,075	3,829	9,643
Rental	-	550	550	-	200	200	-
Rainy Day Fund	7,351	-	-	7,351	-	3,000	4,351
LOIT-SP	-	-	-	-	11,731	-	11,731
Levy Excess	-	37	-	37	-	-	37
Town Donation	193	-	-	193	-	-	193
Cumulative Capital Improvement	3,074	1,949	2,500	2,523	1,978	3,000	1,501
LOIT	13,338	7,993	12,101	9,230	8,491	11,274	6,447
YMCA Fund	1,024	-	848	176	-	-	176
Park Donation Fund	-	1,050	84	966	1,866	2,650	182
Local Public Safety Fund	-	-	-	-	7,099	5,111	1,988
Local Development Fund	-	-	-	-	10,000	10,000	-
Shop With A Cop	-	-	-	-	3,120	3,118	2
Permits	35	5,352	5,208	179	9,751	9,895	35
Violation-Tickets	928	5,776	6,526	178	7,678	7,856	-
Fleece Drug & Alcohol	62	-	62	-	-	-	-
Police Equipment Fund	112	845	509	448	18,653	18,957	144
Totals	<u>\$ 165,091</u>	<u>\$ 204,615</u>	<u>\$ 192,162</u>	<u>\$ 177,544</u>	<u>\$ 272,421</u>	<u>\$ 276,128</u>	<u>\$ 173,837</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF UTICA  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police), highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the financial information for the Town.

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

*Licenses and permits.* Amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants,

TOWN OF UTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

*Charges for services.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, park rental fees, cable TV receipts, ordinance violations, and fines and fees,.

*Fines and forfeits.* Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

*Supplies.* Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

TOWN OF UTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*F. Interfund Transfers*

The Town may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

TOWN OF UTICA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

State statutes authorize the Town to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

TOWN OF UTICA  
REVIEW RESULT AND COMMENT

**COLLECTION OF FEES FOR MOVING TRAFFIC VIOLATIONS**

The Town Council adopted Ordinance No. 2011-08 to provide uniform penalties for violations of traffic ordinances on October 11, 2011. On May 10, 2016, the Town Council adopted Ordinance No. 2016-07, which amended and restated certain speed limits in the Town. These ordinances included local fines for moving traffic violations. The Town Marshal issued local ordinance citations for moving traffic violations from January 1, 2010 to December 31, 2016, and fines totaling \$33,641 were collected and retained by the Town. None of these moving traffic violations were processed through the court system and no court costs were charged related to the violations.

Indiana Code 36-1-6-3 states:

"(a) Certain ordinances may be enforced by a municipal corporation without proceeding in court through:

- (1) an admission of violation before the violations clerk under IC 33-36; or
- (2) administrative enforcement under subsection 9 of this chapter.

(b) Except as provided in the subsection (a), a proceeding to enforce an ordinance must be brought in accordance with IC 34-28-5, section 4 of this chapter, or both.

(c) An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5."

The accounts of each public official and public office should reflect the proper treatment of fines collected for moving traffic violations as required by Indiana Code § 36-1-6-3(c), Indiana Code Ch. 34-28-5, and this Directive. Failure to do so will result in a civil action against those public officials who are responsible for the improper enforcement and collection of fines for moving traffic violations as allowable by law. (State Examiner Directive 2015-1)

TOWN OF UTICA  
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2017, with Patricia A. Love, Clerk-Treasurer, and Steve Long, President of the Town Council.