



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513

Fax: (317) 232-4711

Web Site: www.in.gov/sboa

June 6, 2022

TO: THE OFFICIALS OF THE TOWN OF MT. AUBURN, WAYNE 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 Mt. Auburn (Town), Wayne County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifonline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

Condition and Context

The Town had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

Town employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Town had not received training over internal control standards that was developed or approved 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."

ANNUAL FINANCIAL REPORT - BEGINNING AND ENDING BALANCES

A similar comment appeared in prior Report B48077, entitled *ANNUAL FINANCIAL REPORTS*.

Condition and Context

The Annual Financial Report (AFR) for 2016 included the Motor Vehicle Highway fund with a beginning balance that was \$5,001 less than the prior period ending balances.

The AFR for 2020 included the General, Motor Vehicle Highway, Local Road And Street, Cum. Capital Improv Cig Tax, and Edit funds with beginning balances that were \$1,706; \$1,262; \$1,714; \$267; and \$2,645 more than the prior period ending balances. The AFR for 2020 also included the Rainy Day fund with a beginning balance that was \$738 less than the prior period ending balance.

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

APPROPRIATIONS

Condition and Context

The following funds had disbursements in excess of budgeted appropriations for the amounts shown below:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2016	\$ 13,358
General	2017	8,018
General	2018	3,215
General	2019	3,398
General	2020	2,697

Criteria

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B48077, entitled *ANNUAL FINANCIAL REPORTS*.

Condition and Context

The Town's Annual Financial Reports for 2017, 2019, and 2020 were not filed electronically until February 28, 2019, December 11, 2021, and December 18, 2021, respectively, which were 364, 651, and 292 days past the due date.

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

LATE SUBMISSION OF CERTIFIED REPORT

Condition and Context

The Town's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R), for 2017, 2018, 2019, and 2020 was not filed electronically until November 29, 2018, March 12, 2019, December 11, 2021, and December 18, 2021, respectively, which were 302, 40, 680, and 321 days past the due date.

Criteria

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

In 2019, the Town failed to create and report the Motor Vehicle Highway (MVH) - Restricted sub-fund as directed by the State Examiner. Therefore, the Town failed to allocate or deposit at least 50 percent of the distributions from the State MVH Account at the time of the receipt, into an MVH - Restricted sub-fund. Since the MVH - Restricted sub-fund had not been created, we were not able to determine if the Town used at least 50 percent for the purposes specified in Indiana Code 8-14-1-5(c).

Criteria

The purpose of this Directive is to authorize and require . . . 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. . . .

On the chart of accounts, the MVH fund and MVH Restricted sub-fund shall be shown as follows:

...

Cities and Towns

- Fund 201 MVH
- Fund 203 MVH Restricted

Together, MVH and MVH Restricted shall constitute the total MVH fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report . . .

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)

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

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)

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.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 12-31-20
General	\$ 4,031
Motor Vehicle Highway	7,924
Local Road And Street	4,997
Rainy Day	-
Lewy Excess	513
Cum. Capital Improv Cig Tax	1,654
Edit	<u>39,545</u>
Total	<u>\$ 58,664</u>

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

The contents of this report were communicated to the Kimberly Owens, Clerk-Treasurer, and Sarah Roddy, President of the Town Council, on May 9, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner