

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF PLYMOUTH

MARSHALL COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED

11/09/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeanine Xaver Lynn M. Gorski	01-01-20 to 12-31-21 01-01-22 to 12-31-22
Mayor	Mark Senter	01-01-20 to 12-31-22
President of the Board of Public Works and Safety	Mark Senter	01-01-20 to 12-31-22
President Pro Tempore of the Common Council	Don Ecker Jr.	01-01-20 to 12-31-22
Superintendent of Utilities	Donnie Davidson	01-01-20 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF PLYMOUTH, MARSHALL COUNTY, INDIANA

This report is supplemental to our audit report of the City of Plymouth (City), for the period from January 1, 2020 to December 31, 2020. 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 our 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

October 26, 2022

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CLERK-TREASURER
CITY OF PLYMOUTH

CLERK-TREASURER
CITY OF PLYMOUTH
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the City related to financial transactions ensuring the accuracy and completeness of payroll disbursements. An oversight or review process was not in place to ensure proper calculation and recording of payroll disbursements.

The Clerk-Treasurer and the Board of Public Works (Board) received a preliminary payroll amount, subject to change, for review and approval based on the date of the Board meeting and the processing of payroll. Once payroll was processed, detailed reports were then filed with the Accounts Payable Vouchers; however, the final payroll detail by employee name, gross wage amount, and fund was not provided for review and approval by the Clerk-Treasurer or the Board.

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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

CLERK-TREASURER
CITY OF PLYMOUTH
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Supplemental schedules are required to be reported annually on the Indiana Gateway for Government Units (Gateway) financial reporting system. The City was not in compliance with the Other Information as follows:

Schedule of Leases and Debt

The City omitted reporting \$20,530,845 in Ending Principal Balance and \$2,626,899 Principal and Interest Due Within One Year balances. In addition, the lease with the Plymouth Redevelopment Authority was not properly classified as a lease. Adjustments were proposed, approved by the City, and made to the Schedule of Leases and Debt.

Schedule of Capital Assets

The capital asset amounts reported in Gateway did not agree to the detailed capital asset listing. Errors were noted in the detailed listing and the City approved the omission of the Schedule of Capital Assets from the Financial Statement Audit Report.

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](#)."

CLERK-TREASURER
CITY OF PLYMOUTH
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2022, with Lynn M. Gorski, Clerk-Treasurer; Jeanine Xaver, former Clerk-Treasurer; Mark Senter, Mayor; Sean Surrisi, City Attorney; Don Ecker Jr, President Pro Tempore of the Common Council; Greg Compton, Common Council member; Jeff Houin, Common Council member; Robert Listenberger, Common Council member; and J. Mike Miley, President of the Redevelopment Commission.