

**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, 2021 to December 31, 2021



**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	01-01-21 to 12-31-21 01-01-22 to 12-31-22
Mayor	Mark Senter	01-01-21 to 12-31-22
President of the Board of Public Works and Safety	Mark Senter	01-01-21 to 12-31-22
President Pro Tempore of the Common Council	Don Ecker, Jr.	01-01-21 to 12-31-22
Superintendent of Utilities	Donnie Davidson	01-01-21 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, 2021 to December 31, 2021. 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/](http://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

October 26, 2022

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CLERK-TREASURER  
CITY OF PLYMOUTH

CLERK-TREASURER  
CITY OF PLYMOUTH  
AUDIT RESULTS AND COMMENTS

**FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

There were deficiencies in the internal control system of the City related to financial transactions and reporting. The City had not implemented a system of effective internal control related to payroll disbursements and financial reporting.

*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.

*Financial Reporting*

The City did not have effective internal controls to detect and prevent errors when completing, submitting, or reviewing the Annual Financial Report (AFR) entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement.

The American Rescue Plan Act, Aviation Coronavrs Respns, AIP 023 Reimbursement, Airport Rescue Grant Fund, and Rees Theatre Project Grant funds were omitted from the AFR and the financial statement. In addition, several reported Water and Wastewater funds' receipts and disbursements did not agree to the ledger. These variances resulted in the understatement of receipts and disbursements by \$1,958,900 and \$2,451,254, respectively, and an overstatement of cash and investments balances by \$492,354.

Audit adjustments were proposed, accepted by the City, and made to the financial statement.

*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. . . ."

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

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:

- (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. . . ."

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](#)."

## **ANNUAL FINANCIAL REPORT**

### *Condition and Context*

Financial and supplementary information are required to be reported annually on the Indiana Gateway for Government Units (Gateway) financial reporting system. The City was not in compliance as follows:

#### *Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances (Combining Schedule)*

The City omitted the financial activity and balances of five grant funds from the Combining Schedule. In addition, several reported Water and Wastewater funds' receipts and disbursements did not agree to the ledger. These variances resulted in the understatement of receipts and disbursements by \$1,958,900 and \$2,451,254, respectively, and an overstatement of cash and investments balances by \$492,354.

Audit adjustments were proposed, accepted by the City, and made to the Combining Schedule.

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

*Schedule of Leases and Debt*

The City either omitted or misstated outstanding debt balances, which resulted in the understatement of \$21,466,118 in Ending Principal Balance and \$2,900,113 of 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*

Although the City reported capital asset amounts in Gateway, errors were noted in the detailed listing and the City opted to remove the Schedule of Capital Assets from the Financial Statement Report.

*Investment Fund Statement*

The Investment Fund Statement entered in Gateway was not materially accurate and complete. The investments purchased and sold were understated by \$6,520,904 and \$15,123,986, respectively, and the year-end investment balances were overstated by \$8,603,082.

*Grant Schedule*

The Grant Schedule entered into Gateway contained the following errors:

1. The Highway and Planning Construction Cluster expenditures were overstated, which resulted in a misstatement of \$500,000.
2. The Outdoor Recreation Acquisition, Development and Planning grant expenditures were overstated, which resulted in a misstatement of \$46,669.
3. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii expenditures were overstated, which resulted in a misstatement of \$39,962.
4. Other errors included incorrect program names, pass-through entities, and identifying numbers.

Adjustments were proposed, accepted by the City, and made to the Grant Schedule, which is the source of the Schedule of Expenditures of Federal Awards.

*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.