

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

**Paul D. Joyce, CPA
State Examiner**

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF LACONIA

HARRISON COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

04/14/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Paige Baker (Vacant)	01-01-19 to 03-01-22
	Brooke Young (Vacant)	03-02-22 to 05-11-22
	Michele Walston	05-12-22 to 02-02-23
	Debra Satterfield (Vacant)	02-03-23 to 04-05-23
		04-06-23 to 11-01-23
President of the Town Council	Debra Satterfield (Vacant)	11-02-23 to 07-11-24
	Scott Byrum	07-12-24 to 12-31-25
		01-01-19 to 12-31-25



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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF LACONIA, HARRISON 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 Laconia (Town), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard-setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifonline.org>.

The contents of this report were communicated to Debra Satterfield, former Clerk-Treasurer, on March 4, 2025, and George Scott Byrum, President of the Town Council, on March 18, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 19, 2024

TOWN OF LACONIA
COMMENTS

INTERNAL CONTROLS

Condition and Context

The Town did not have an adequate system of internal controls to ensure compliance with laws and regulations related to:

- Training on Internal Control Standards
- Certification on Internal Control Standards
- Supporting Documentation - Vendor
- Supporting Documentation - Payroll
- Motor Vehicle Highway (MVH) - Restricted Fund
- Bank Account Reconciliations
- Capital Assets
- Annual Financial Report

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. . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B53505.

Condition and Context

There were four Clerk-Treasurers in office during the engagement period; however, for three, there was no documentation provided they had received training on internal control standards.

TOWN OF LACONIA
COMMENTS
(Continued)

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B53505.

Condition and Context

The Town certified on the Indiana Gateway for Government Units financial reporting system that all relevant employees had received training on internal control standards; however, for three of the Clerk-Treasurers in office during the engagement period, there was no evidence that training had been received.

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 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](#)."

SUPPORTING DOCUMENTATION - VENDOR

A similar comment also appeared in prior Report B46206, entitled *ERROR ON CLAIMS*, and Report B53505, entitled *SUPPORTING DOCUMENTATION*.

Condition and Context

The Town's oversight of expenditures was reviewed by inspecting prescribed Town Form 39 Accounts Payable Vouchers (APVs). APVs 976, 2397, and 2401 of 2019 only had two of the three Town Council members' approvals to pay.

We requested for review seven APVs totaling \$11,405 for 2020. None of the documentation requested was provided. This amount accounted for 16 percent of the total vendor claims examined during the engagement period.

For four APVs selected for review in 2021, totaling \$ 32,555, only two pay applications for E Tabb Design Constructions and Development, LLC was for provided for review. No other documentation requested was provided. This amount accounted for 45 percent of the total vendor claims examined during the engagement period.

TOWN OF LACONIA
COMMENTS
(Continued)

For 2022, documentation for five of the seven APVs tested was not provided, such as an invoice, voucher, or copy of checks. Those five APVs are 1170, 2608, 2640, 2688, and 2694, which accounted for 5 percent of the total vendor claims examined during the engagement period. Also, only two Town Council members approved APV 2608 and 2694, and there were no signatures on APVs 1148 and 2640 to indicate Town Council approval.

For 2023, the Clerk-Treasurer did not approve APV 2714, but it was approved by the Town Council. APV 1186 received only two of the three Town Councils members' approval.

Criteria

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. . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Town, Chapter 1)

SUPPORTING DOCUMENTATION - PAYROLL

A similar comment also appeared in prior Report B46206, entitled *ERROR ON CLAIMS*, and Report B53505, entitled *SUPPORTING DOCUMENTATION*.

Condition and Context

Salary ordinances were not provided for any year of the engagement period.

For 2020, the Indiana State Board of Accounts requested five prescribed General Fund 99 Payroll Schedule and Vouchers (PSV) in the amount of \$606 for review. None of the documentation requested could be produced. This amount accounted for 15 percent of the total payroll claims examined during the engagement period.

TOWN OF LACONIA
COMMENTS
(Continued)

For 2021 and 2022, a PSV for each year could not be produced for the Clerk-Treasurer's monthly pay.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town had established a separate Motor Vehicle Highway - Restricted Fund as required but did not report the fund separately on the Annual Financial Report (AFR) filed in the Indiana Gateway for Government Units financial reporting system. The activity of the Motor Vehicle Highway - Restricted Fund was combined with the Motor Vehicle Highway fund on the AFR.

Criteria

Indiana Code 8-14-1-5(c) states: "Except as provided in subsection (d), 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."

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

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes.

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

TOWN OF LACONIA
COMMENTS
(Continued)

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

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The Town was not properly reconciling the ledger balances to the amounts on deposit. Bank statements were reviewed, but a listing of outstanding deposits and checks was not presented for review. Supporting documentation for a certificate of deposit (CD) that matured during the engagement period and final bank statements for accounts that were closed were not presented for review.

Reconciliations performed as a part of engagement procedures showed variances between the adjusted bank balances and the Town's accounting records as follows:

<u>Fiscal Year</u>	<u>Adjusted Bank Balances</u>	<u>Town Accounting Records</u>	<u>Difference</u>
2019	\$ 186,799	\$ 130,469	\$ 56,330
2020	180,873	185,685	(4,812)
2021	142,452	154,270	(11,818)
2022	160,153	173,000	(12,847)
2023	160,357	160,855	(498)

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CAPITAL ASSETS

Condition and Context

The Town did not have a complete, detailed listing of all capital assets owned which reflects their acquisition value. No documentation was presented for the amounts reported as a part of the Annual Financial Report, which were \$662,336, \$678,838, \$678,838, \$293,465, and \$678,838 in 2019, 2020, 2021, 2022, and 2023, respectively. There was no evidence of a complete, physical inventory being taken at least every two years.

TOWN OF LACONIA
COMMENTS
(Continued)

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 Cities and Towns, Chapter 1)

ANNUAL FINANCIAL REPORT

The same comment was also included in prior Reports B46206 and B53505.

Condition and Context

Variances between the Town's accounting records and the Riverboat fund as reported on the Annual Financial Report (AFR) were noted throughout the engagement period. Differences in the beginning and ending balances when comparing to the Town's ledger are as follows:

- The reported Riverboat fund January 1, 2019 beginning balance was overstated by \$10,060, while the ending balance for the 2019 Riverboat fund could not be determined due to lack of retention record of CD purchases.
- The reported Riverboat fund January 1, 2021 beginning balance was overstated by \$8,863 on the AFR, while the ending balance for 2021 was overstated by \$8,161.
- The reported Riverboat fund ending balance for 2020 was overstated by \$8,173.
- The reported Riverboat fund January 1, 2023 beginning balance was overstated by \$8,173.

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 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](#)."

TOWN OF LACONIA
COMMENTS
(Continued)

CONTRACTS

Condition and Context

During the engagement period, E TABB Design and Construction Development, LLC received payments for services that required a contract. However, the Town could not provide documentation of a written contract for the vendor E TABB Design and Construction Development, LLC.

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Towns, Chapter 1)



STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS



TOWN OF LACONIA
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
General	\$ 8,072	\$ 3,874	\$ 5,602	\$ 6,344	\$ 5,671	\$ 4,954	\$ 7,061
Motor Vehicle Highway	6,132	2,152	-	8,284	1,898	-	10,182
Local Road And Street	2,319	936	-	3,255	900	3,500	655
Riverboat	128,484	21,737	34,469	115,752	20,936	17,080	119,608
Rainy Day	-	-	-	-	-	-	-
Cedit	1,078	306	-	1,384	310	-	1,694
Lot 41 Project fund	50,000	-	-	50,000	1,401	16,501	34,900
playground fund	4,873	3,714	2,652	5,935	-	-	5,935
Ccif	1,352	114	-	1,466	108	-	1,574
Water Utility-Operating	3,831	21,307	19,842	5,296	20,431	21,732	3,995
Water Utility-Operating	-	-	-	-	-	-	-
Totals	\$ 206,141	\$ 54,140	\$ 62,565	\$ 197,716	\$ 51,655	\$ 63,767	\$ 185,604

TOWN OF LACONIA
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-21	Receipts	Disbursements	12-31-21	Receipts	Disbursements	
General	\$ 7,062	\$ 4,502	\$ 3,217	\$ 8,347	\$ 4,149	\$ 4,127	\$ 8,369
Motor Vehicle Highway	10,182	2,098	-	12,280	2,736	-	15,016
Local Road And Street	654	953	-	1,607	1,049	-	2,656
Riverboat	113,887	24,238	32,327	105,798	24,053	9,686	120,165
Rainy Day	81	-	-	81	-	-	81
Cedit	1,694	413	1,900	207	325	-	532
Lot 41 Project fund	34,900	22,668	42,991	14,577	2,977	4,150	13,404
playground fund	5,935	-	-	5,935	-	-	5,935
Ccif	1,575	103	-	1,678	169	-	1,847
Water Utility-Operating	3,996	17,749	17,985	3,760	20,762	19,527	4,995
0-Water Utility-Operating	-	-	-	-	-	-	-
Totals	<u>\$ 179,966</u>	<u>\$ 72,724</u>	<u>\$ 98,420</u>	<u>\$ 154,270</u>	<u>\$ 56,220</u>	<u>\$ 37,490</u>	<u>\$ 173,000</u>

TOWN OF LACONIA
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
General	\$ 8,398	\$ 4,136	\$ 13,596	\$ (1,062)
Motor Vehicle Highway	15,016	3,144	-	18,160
Local Road And Street	2,656	1,131	-	3,787
Riverboat	111,992	20,179	26,509	105,662
Rainy Day	81	-	-	81
Cedit	532	344	-	876
Lot 41 Project fund	13,403	1,004	3,069	11,338
playground fund	5,935	-	-	5,935
Ccif	1,846	133	-	1,979
0-Water Utility-Operating	4,994	17,652	8,547	14,099
Totals	<u>\$ 164,853</u>	<u>\$ 47,723</u>	<u>\$ 51,721</u>	<u>\$ 160,855</u>