

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF MICHIANA SHORES

LAPORTE COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
04/22/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Joan M. Lewis	01-01-19 to 12-31-24
President of the Town Council	Pam A. Dubie Daina Dumbrys	01-01-19 to 12-31-19 01-01-20 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF MICHIANA SHORES, LAPORTE 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 Michiana Shores (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.ifionline.org>.

The contents of this report were communicated to Joan M. Lewis, Clerk-Treasurer; Daina Dumbrys, President of the Town Council; and Sam Paxton, Town Council member, on April 17, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 19, 2024

TOWN OF MICHIANA SHORES  
COMMENTS

**ACCOUNTING FOR CORONAVIRUS RELIEF FUND**

*Condition and Context*

The Town did not properly account for the Coronavirus Relief Fund (CRF) in accordance with the options outlined in the State Examiner Directive 2020-3 (Directive).

Internal controls were not in place to ensure proper accounting for the CRF. The Town created a fund entitled "CAREs Relief" for the reimbursement of expenses from the Indiana Finance Authority (IFA). The Town receipted the IFA reimbursement of \$1,019 for costs other than payroll into the designated fund. The reimbursement amount should have been moved by claim to the General fund, which would have allowed the Town to spend the money for any general unit purpose. The Town had a year-end balance of \$1,019 in the designated fund. The balance has not been subsequently claimed to the General fund as of December 31, 2023.

*Criteria*

Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

**Option One.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. . . .**

TOWN OF MICHIANA SHORES  
COMMENTS  
(Continued)

**Option Two.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020.**

(State Examiner Directive 2020-3)

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. . . ."

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

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TOWN OF MICHIANA SHORES  
 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 FUND	\$ 58,102	\$ 150,710	\$ 129,105	\$ 79,707	\$ 158,840	\$ 153,323	\$ 85,224
MOTOR VEHICLE HIGHWAY	49,484	12,265	10,850	50,899	9,484	5,283	55,100
LOCAL ROAD & STREET	8,434	10,210	8,850	9,794	9,804	7,331	12,267
MVH Restricted	-	8,155	-	8,155	9,353	-	17,508
REFUSE COLLECTION	16,400	41,911	46,856	11,455	47,450	48,623	10,282
RIVERBOAT	180,552	37,822	44,076	174,298	21,537	44,182	151,653
PARK & RECREATION	23,139	21,206	19,551	24,794	57,593	6,971	75,416
NON-REVERTING BUILDING DEPT USER FEE FUND	2,643	5,120	6,863	900	8,620	7,383	2,137
RAINY DAY	8,652	-	-	8,652	-	-	8,652
LOIT Special Distribution	(591)	-	-	(591)	-	-	(591)
LEVY EXCESS FUND	1,251	-	-	1,251	-	-	1,251
CUM CAP IMP - CIG TAX	12,916	715	-	13,631	679	-	14,310
CUM CAP DEVELOPMENT	12,207	41,479	38,900	14,786	41,446	5,862	50,370
CEDIT	98,485	24,065	16,211	106,339	26,791	12,551	120,579
PAYROLL	13,151	52,592	48,758	16,985	50,466	46,813	20,638
LRS Co. Crossing Grant - Highways	-	64,388	64,325	63	28,256	-	28,319
LEAF PICKUP FUND	-	-	-	-	2,568	28,028	(25,460)
CELL TOWER	139,679	-	-	139,679	-	-	139,679
GRANT FUND - White Ditch Bank Restoration	3,451	4,750	5,603	2,598	69,566	159,582	(87,418)
WATER MAIN SURCHARGE	17,657	-	-	17,657	-	-	17,657
<b>Totals</b>	<b>\$ 645,612</b>	<b>\$ 475,388</b>	<b>\$ 439,948</b>	<b>\$ 681,052</b>	<b>\$ 542,453</b>	<b>\$ 525,932</b>	<b>\$ 697,573</b>

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

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
GENERAL FUND	\$ 85,223	\$ 160,686	\$ 149,085	\$ 96,824	\$ 166,027	\$ 179,485	\$ 83,366
MOTOR VEHICLE HIGHWAY	55,100	13,794	1,548	67,346	15,663	1,483	81,526
LOCAL ROAD & STREET	12,267	10,816	7,288	15,795	10,725	4,409	22,111
MVH Restricted	17,508	6,468	-	23,976	6,524	-	30,500
REFUSE COLLECTION	10,281	61,033	50,345	20,969	39,114	51,915	8,168
RIVERBOAT	151,653	30,604	53,256	129,001	18,628	54,395	93,234
PARK & RECREATION	75,415	16,799	8,979	83,235	20,220	13,504	89,951
NON-REVERTING BUILDING DEPT USER FEE FUND	2,138	34,175	3,744	32,569	25,816	4,250	54,135
RAINY DAY	8,652	-	-	8,652	-	-	8,652
LOIT Special Distribution	(591)	-	-	(591)	-	-	(591)
LEVY EXCESS FUND	1,251	-	-	1,251	-	-	1,251
CUM CAP IMP - CIG TAX	14,309	327	-	14,636	-	-	14,636
CUM CAP DEVELOPMENT	50,370	41,097	23,868	67,599	42,614	27,105	83,108
CEDIT	120,579	27,942	62,414	86,107	25,673	19,460	92,320
PAYROLL	20,638	64,948	60,099	25,487	71,338	65,314	31,511
LRS Co. Crossing Grant - Highways	28,319	-	-	28,319	-	-	28,319
LEAF PICKUP FUND	(25,460)	41,961	6,575	9,926	38,803	42,904	5,825
Cares Relief	-	1,019	-	1,019	-	-	1,019
ARPA Fund	-	33,527	1,496	32,031	33,781	-	65,812
Opioid Fund Restricted	-	-	-	-	259	-	259
LRS Roads & Streets Grant	-	-	-	-	-	7,139	(7,139)
CELL TOWER	139,679	-	-	139,679	-	-	139,679
GRANT FUND - White Ditch Bank Restoration	(87,417)	-	-	(87,417)	-	-	(87,417)
WATER MAIN SURCHARGE	17,657	-	-	17,657	118	-	17,775
<b>Totals</b>	<b>\$ 697,571</b>	<b>\$ 545,196</b>	<b>\$ 428,697</b>	<b>\$ 814,070</b>	<b>\$ 515,303</b>	<b>\$ 471,363</b>	<b>\$ 858,010</b>

TOWN OF MICHIANA SHORES  
 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 FUND	\$ 83,367	\$ 160,305	\$ 186,817	\$ 56,855
MOTOR VEHICLE HIGHWAY	81,525	17,172	26,616	72,081
LOCAL ROAD & STREET	22,110	10,901	1,746	31,265
MVH Restricted	30,499	6,589	-	37,088
REFUSE COLLECTION	8,169	47,803	58,210	(2,238)
RIVERBOAT	93,234	37,809	58,303	72,740
PARK & RECREATION	89,951	21,139	97,795	13,295
NON-REVERTING BUILDING DEPT USER FEE FUND	54,134	24,235	3,900	74,469
RAINY DAY	8,652	-	7,730	922
LOIT Special Distribution	(591)	591	-	-
LEVY EXCESS FUND	1,251	-	-	1,251
CUM CAP IMP - CIG TAX	14,636	279	-	14,915
CUM CAP DEVELOPMENT	83,108	45,457	6,123	122,442
CEDIT	92,320	62,718	19,255	135,783
PAYROLL	31,511	73,199	68,008	36,702
LRS Co. Crossing Grant - Highways	28,319	332,250	378,817	(18,248)
LEAF PICKUP FUND	5,825	43,797	42,874	6,748
Cares Relief	1,019	-	-	1,019
ARPA Fund	65,812	-	1,671	64,141
Opioid Fund Restricted	259	182	135	306
LRS Roads & Streets Grant	(7,139)	7,139	-	-
CELL TOWER	139,679	-	-	139,679
GRANT FUND - White Ditch Bank Restoration	(87,417)	87,417	-	-
WATER MAIN SURCHARGE	17,774	-	-	17,774
Totals	<u>\$ 858,007</u>	<u>\$ 978,982</u>	<u>\$ 958,000</u>	<u>\$ 878,989</u>