

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF KINGSBURY

LAPORTE COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
05/14/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-7
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	11-13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Laura Matchette	01-01-19 to 12-31-24
President of the Town Council	Jeff Matchette	01-01-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF KINGSBURY, 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 Kingsbury (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 Laura Matchette, Clerk-Treasurer, and Jeff Matchette, President of the Town Council, on May 9, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 15, 2024

TOWN OF KINGSBURY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure that the Town complied with laws and regulations. The internal controls deficiencies resulted in noncompliance over the annual financial report - other information, capital assets, Motor Vehicle Highway (MVH) - Restricted Fund, and monthly and annual uploads, detailed further in the comments below.

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. . . ."

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town did not have adequate internal controls over the AFR information entered into Gateway, which resulted in the following errors for the Capital Asset supplementary schedules.

The Town provided a detailed capital asset record to support the capital asset amounts reported in the AFR. The capital asset ledger materially exceeded the amounts reported in schedule of capital assets for the years 2021, 2022, and 2023 by \$48,838, \$56,338, and \$47,410, respectively. Contributing factors included:

- Deletions of Machinery and Equipment reported in 2021 and 2023 in the AFR that were not recorded in the capital asset ledger.
- Additions and deletions of Machinery and Equipment reported in 2022 in the AFR that were not recorded in the capital asset ledger.
- Capital asset ledger contained land acquisition in 2022 that was not reported in the AFR.

TOWN OF KINGSBURY
COMMENTS
(Continued)

- The beginning balance of the AFR for 2021 was \$29,000 less than the ending balance of the December 31, 2020 AFR for capital assets. The balances should have been the same.
- The beginning balance of the AFR for 2023 was \$16,928 greater than the ending balance of the December 31, 2022 AFR for capital assets. The balances should have been the same.

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](#)."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

CAPITAL ASSETS

Condition and Context

The Town did not have a capital assets policy that detailed a threshold at which an item is considered a capital asset.

The Town did not complete a physical inventory every two years as required.

The Town purchased a vehicle and vehicle upgraded from Motor Vehicle Highway (MVH) - Restricted Fund which were not recorded in the capital asset ledger.

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)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town established the MVH restricted fund as required. However, the Town disbursed \$7,341 from the MVH restricted fund that were not for the construction, reconstruction, or preservation of the Town's highways. Disbursements not allowed consisted of a vehicle purchase and vehicle upgrades for the Town Marshal.

TOWN OF KINGSBURY
COMMENTS
(Continued)

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."

ANNUAL UPLOADS

Condition and Context

Annual upload requirements include the salary ordinance. The Town did not comply with the amended State Examiner Directive. The annual salary ordinance was not uploaded for 2020, 2021, 2022, and 2023.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, updated November 9, 2020, and effective with uploads due February 15, 2021)

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)

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

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TOWN OF KINGSBURY
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	\$ 42,363	\$ 60,819	\$ 42,270	\$ 60,912	\$ 63,940	\$ 48,141	\$ 76,711
Motor Vehicle Highway	10,201	5,208	7,500	7,909	4,593	4,366	8,136
Motor Vehicle Highway Restricted	10,200	5,208	7,500	7,908	4,593	4,366	8,135
Local Road And Street	8,741	4,860	7,500	6,101	4,644	2,000	8,745
Riverboat	43,332	38,487	44,017	37,802	21,572	33,829	25,545
Parks And Recreation	460	65	83	442	115	66	491
LIT Economic Dev Fund	12,597	5,227	-	17,824	5,898	-	23,722
Cumulative Capital Improvement	4,634	553	1,116	4,071	525	930	3,666
Totals	<u>\$ 132,528</u>	<u>\$ 120,427</u>	<u>\$ 109,986</u>	<u>\$ 142,969</u>	<u>\$ 105,880</u>	<u>\$ 93,698</u>	<u>\$ 155,151</u>

TOWN OF KINGSBURY
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	\$ 76,713	\$ 63,044	\$ 44,965	\$ 94,792	\$ 63,488	\$ 57,510	\$ 100,770
Motor Vehicle Highway	8,136	5,076	2,100	11,112	4,414	3,670	11,856
Motor Vehicle Highway Restricted	8,136	5,076	2,100	11,112	4,414	3,670	11,856
Local Road And Street	8,744	5,053	5,000	8,797	4,730	2,748	10,779
Riverboat	25,545	30,904	38,525	17,924	28,867	33,287	13,504
Parks And Recreation	491	40	91	440	50	41	449
LIT Economic Dev Fund	23,722	6,190	1,972	27,940	5,393	3,717	29,616
Opioid Settlement	-	-	-	-	208	-	208
Cumulative Capital Improvement	3,665	497	1,252	2,910	345	-	3,255
CARES Act Funding	-	7,500	7,500	-	-	-	-
ARP / CLFRF Fund	-	26,980	-	26,980	27,184	-	54,164
Totals	<u>\$ 155,152</u>	<u>\$ 150,360</u>	<u>\$ 103,505</u>	<u>\$ 202,007</u>	<u>\$ 139,093</u>	<u>\$ 104,643</u>	<u>\$ 236,457</u>

TOWN OF KINGSBURY
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	\$ 100,772	\$ 66,719	\$ 59,813	\$ 107,678
Motor Vehicle Highway	11,856	4,091	13,360	2,587
Motor Vehicle Highway Restricted	11,856	4,091	-	15,947
Local Road And Street	10,779	4,580	4,000	11,359
Riverboat	13,504	40,665	11,712	42,457
Parks And Recreation	449	55	-	504
LIT Economic Dev Fund	29,616	6,896	4,135	32,377
Opioid Settlement	208	146	109	245
Cumulative Capital Improvement	3,255	345	-	3,600
LIT Public Safety	-	7,283	-	7,283
ARP / CLFRF Fund	54,164	-	27,302	26,862
Totals	\$ 236,459	\$ 134,871	\$ 120,431	\$ 250,899