

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF ST. JOE

DEKALB COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**

06/04/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Allison McKean Angela Snyder	01-01-19 to 12-31-19 01-01-20 to 12-31-24
President of the Town Council	Randy Drake Daniel Davidhizar Randy Drake	01-01-19 to 01-05-20 01-06-20 to 01-04-21 01-05-21 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF ST. JOE, DEKALB COUNTY, INDIANA

This report is supplemental to the audit report of the Town of St. Joe (Town), for the period from January 1, 2019 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. 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

May 8, 2024

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CLERK-TREASURER  
TOWN OF ST. JOE

CLERK TREASURER  
TOWN OF ST. JOE  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial and other information are required to be entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. The AFR contained the following errors:

*Financial Data*

The financial data reported by the Town had the following errors:

- Numerous receipt and disbursement activities by fund were incorrectly reported. In total, receipt and disbursement activity misstatements by fund were \$26,082 and \$155,638, respectively.
- The beginning cash and investments fund balances at January 1, 2021, did not agree with the ending cash and investments fund balances at December 31, 2020. The total beginning cash and investments fund balances at January 1, 2021, were overstated by \$638,792.
- The ARP American Rescue Plan Act of 2021, Community Crossings Match Grant, Opioid Settlement Restricted, Opioid Settlement Unrestricted, and Natural Mosquito Control Habitat funds were not reported.

Audit adjustments were proposed, accepted by the Town, and made to the financial statements and to the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statements Audit Report for the Town.

*Capital Assets*

The Town did not accurately report the capital asset activity of the Town at December 31, 2023.

Capital Assets were overstated by \$1,342,982.

Audit adjustments were proposed, accepted by the Town, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statements Audit Report for the Town.

*Payables and Receivables*

The Town did not accurately report accounts payable and accounts receivable at December 31, 2023, due to an improper calculation method.

The Town approved the omission of the Schedule of Payables and Receivables in the Financial Statements Audit Report for the Town.

CLERK TREASURER  
TOWN OF ST. JOE  
AUDIT RESULTS AND COMMENTS  
(Continued)

*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](#)."

**FUND SOURCES AND USES**

*Condition and Context*

The following state and local distributions were incorrectly posted to the General fund during the audit period.

- Motor Vehicle Highway (MVH) funds of \$60,464
- Cemetery funds of \$27,458
- Sanitation funds of \$18,991

*Criteria*

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not established an effective internal control system to prevent, or detect and correct, material misstatements related to financial close and reporting and receipts.

*Financial Close and Reporting*

The Clerk-Treasurer submitted financial and other information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the Annual Financial Report, financial statements, and other information. There was no documented evidence of a review, oversight, or approval process by the Town prior to submission into Gateway. The lack of an effective internal control system allowed for misstatements as reported in the above comment titled *ANNUAL FINANCIAL REPORT*.

CLERK TREASURER  
TOWN OF ST. JOE  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Receipts*

The Clerk-Treasurer made bank deposits and posted all receipts into the accounting system. There was no documented evidence of a review, oversight, or approval process by the Town to ensure accuracy of bank deposits and receipt postings. The lack of an effective internal control system allowed for errors as reported in the above comment titled *FUND SOURCES AND USES*.

*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. . . ."

**FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENT**

*Condition and Context*

The Town remitted sales tax to the Indiana Department of Revenue (IDOR) as calculated on all customer sales, including hydrant rental, all sales of water, and trash collection fees, during calendar years 2020 to 2023. Although the customers were properly billed, the sales tax paid was based on all utility sales from the total of Town's Cash Summary Reports.

As a result of the erroneous inclusion of trash collections and tax-exempt sales of water, the overpayment to the IDOR was estimated to be \$5,120. However, there were 9 out of 60 months of supporting collection documentation (Cash Summary Reports) that were not located, and, therefore, not included in the estimated overpayment.

*Criteria*

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)

CLERK TREASURER  
TOWN OF ST. JOE  
AUDIT RESULTS AND COMMENTS  
(Continued)

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**CAPITAL ASSETS**

*Condition and Context*

The Town did not provide evidence that a complete physical inventory was completed every two years as required. Of the five capital assets that were tested for proper addition or deletion from the Town's Capital Asset Ledger, only one capital asset was properly deleted. Additionally, 7 of the 19 capital assets listed in the Town's Capital Asset Ledger did not report a historical cost.

*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)

**CONTRACTS**

*Condition and Context*

Of the three contracts tested for compliance with laws and regulations, noncompliance with one of the contracts included an overpayment in the amount of \$5,877; a payment in the amount of \$25,352 was made before the change order was approved; and no evidence of a bid bond for the contract.

*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 Cities and Towns, Chapter 1)

**MOTER VEHICLE HIGHWAY (MVH) - RESTRICTED FUND**

*Condition and Context*

The Town did not properly allocate 50 percent of MVH funds distributed to the Town into the Motor Vehicle Highway (MVH) - Restricted fund for any year during the audit period.

*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."

CLERK TREASURER  
TOWN OF ST. JOE  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . .

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)

### **MONTHLY AND ANNUAL UPLOADS**

#### *Condition and Context*

The Town did not comply with State Examiner Directive 2018-1 as amended. The Town did not upload into the Indiana Gateway for Government Units financial reporting system some of the required monthly and annual files during the audit period.

The Town did not upload the following files and governmental unit information that are required to be uploaded monthly:

- Bank Reconcilements, Bank Statements (effective for monthly uploads for December 2020), and Outstanding Check Lists (effective for monthly uploads for December 2020)
  - Two in 2021
- Funds Ledger summarizing total receipts, disbursements, and beginning and ending balances by fund
  - Two in 2021

The Town did not upload the following files and governmental unit information that are required to be uploaded annually:

- Year-end Investment Statements
  - 2020 and 2021
- Excel Data Capture/Data Dump (effective for annual uploads for 2023)
- Detail of Receipts
  - 2020, 2021, 2022

CLERK TREASURER  
TOWN OF ST. JOE  
AUDIT RESULTS AND COMMENTS  
(Continued)

- Detail of Disbursements
  - 2019, 2020, 2021, 2022
- Current year Salary Ordinance (and Amendments effective for annual uploads for 2020)
  - 2020, 2021, 2022, 2023
- Annual Vendor History Report
  - 2020, 2021, 2022
- Annual Payroll History Report without social security numbers
  - 2020, 2021, 2022, 2023
- Annual Funds Ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
  - 2020, 2021, 2022
- Accounts Payable/Accounts Receivable Schedule support (effective for annual uploads for 2023)

*Criteria*

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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)

**PENALTIES, INTEREST, AND OTHER CHARGES**

*Condition and Context*

The Town paid penalties, interest, and other charges on the Town's credit cards in the amount of \$489.

CLERK TREASURER  
TOWN OF ST. JOE  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF ST. JOE  
EXIT CONFERENCE

The contents of this report were discussed on May 8, 2024, with Angela Snyder, Clerk-Treasurer; Randy Drake, President of the Town Council; and Zebulon Griggs, Town Council member.