

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF HOMECROFT

MARION COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
05/17/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kevin Kehlbeck	01-01-20 to 12-31-24
President of the Town Council	Barbara Kyle Jones	01-01-20 to 03-02-20
	Zachary Frizzell	03-03-20 to 12-31-22
	Bryan Wolfe	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF HOMECROFT, MARION 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 Homecroft (Town), for the period of January 1, 2020 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 Comment contained herein, if any, describes the identified reportable instance 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 Comment 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 Kevin Kehlbeck, Clerk-Treasurer, and Bryan Wolfe, President of the Town Council, on May 9, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 18, 2024

TOWN OF HOMECROFT
COMMENT

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure compliance over capital assets. The Town did not have a capital assets policy in place including a threshold at which an item is considered a capital asset. The Town also did not keep a detailed listing of all capital assets owned which reflects its acquisition value nor did the Town complete a physical inventory of all capital assets at least every two years.

The Town reported capital assets totaling \$1,223,456 in the Indiana Gateway for Government Units financial reporting system for the year ending December 31, 2023.

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)

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. . . ."

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

TOWN OF HOMECROFT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
GENERAL FUND	\$ 31,154	\$ 189,450	\$ 159,792	\$ 60,812	\$ 202,008	\$ 176,274	\$ 86,546
MOTOR VEHICLE HIGHWAY	66,655	28,705	5,892	89,468	15,145	6,070	98,543
LOCAL ROAD & STREET	18,629	15,462	12,059	22,032	16,857	16,601	22,288
MVH-Restricted	3,537	15,023	-	18,560	15,145	-	33,705
LOCAL LAW ENF CONT ED	26,848	17,054	3,854	40,048	13,091	3,759	49,380
RAINY DAY	16,360	-	-	16,360	24,000	-	40,360
State Grant-Community Crossing Grant	61,491	-	61,491	-	-	-	-
ARP Coronavirus Local Fiscal Recovery Fund	-	-	-	-	86,132	-	86,132
PUBLIC SAFETY LOIT	34,392	30,151	21,097	43,446	32,466	57,848	18,064
Totals	<u>\$ 259,066</u>	<u>\$ 295,845</u>	<u>\$ 264,185</u>	<u>\$ 290,726</u>	<u>\$ 404,844</u>	<u>\$ 260,552</u>	<u>\$ 435,018</u>

TOWN OF HOMECROFT
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
GENERAL FUND	\$ 86,546	\$ 318,479	\$ 242,675	\$ 162,350	\$ 244,956	\$ 241,061	\$ 166,245
MOTOR VEHICLE HIGHWAY	98,543	16,494	6,626	108,411	16,193	22,811	101,793
LOCAL ROAD & STREET	22,288	16,296	18,700	19,884	17,453	19,740	17,597
MVH-Restricted	33,705	15,672	-	49,377	16,193	7,585	57,985
LOCAL LAW ENF CONT ED	49,380	16,159	7,212	58,327	28,758	13,906	73,179
RAINY DAY	40,360	38,000	19,000	59,360	40,000	-	99,360
Indianapolis Neighborhood Projects-2023	-	-	-	-	29,000	29,000	-
Community Crossing Grant	-	-	-	-	73,463	73,463	-
Cummulative Capital Development Fund	-	-	-	-	5,036	-	5,036
ARP Coronavirus Local Fiscal Recovery Fund	86,132	86,784	63,490	109,426	16,000	35,225	90,201
PUBLIC SAFETY LOIT	18,064	31,123	42,728	6,459	35,937	21,619	20,777
Totals	<u>\$ 435,018</u>	<u>\$ 539,007</u>	<u>\$ 400,431</u>	<u>\$ 573,594</u>	<u>\$ 522,989</u>	<u>\$ 464,410</u>	<u>\$ 632,173</u>