

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF INGALLS

MADISON COUNTY, INDIANA

January 1, 2022 to December 31, 2023



FILED
07/03/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kip Golden Justin Gardner	01-01-22 to 12-31-23 01-01-24 to 12-31-24
President of the Town Council	Justin Gardner Melanie Johnson	01-01-22 to 12-31-23 01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF INGALLS, MADISON COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Ingalls (Town), for the period from January 1, 2022 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 Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. This report may be found at 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

June 6, 2024

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CLERK-TREASURER
TOWN OF INGALLS

CLERK-TREASURER
TOWN OF INGALLS
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

A similar comment also appeared in prior Report B60532, entitled *ANNUAL FINANCIAL REPORT*.

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 accounts payable and receivable, leases and debt, and grant information entered into Gateway contained the following errors:

Accounts Payable and Accounts Receivable

- There was no supporting documentation provided that supported the amounts noted on the AFRs for the accounts payable and accounts receivable schedule.

Leases and Debt

- The leases and debt schedule omitted one bond/note.
- The leases and debt schedule contained errors for the Ending Principal Balance and Principal Due Within One Year reported.

Grants

- Omitted receipts and disbursements of the Coronavirus State and Local Fiscal Recovery Fund grant program for 2023.
- Omitted receipts and disbursements of the Highway Planning and Construction grant program for 2022 and 2023.
- Omitted receipts and disbursements of the Activities to Support STLT Health Department Response to Public Health or Healthcare Crises grant program for 2022 and 2023.

Criteria

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)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

A similar comment also appeared in prior Report B60532.

Condition and Context

The Town created the Motor Vehicle Highway (MVH) Restricted fund as required. However, the Town did not allocate or deposit at least 50 percent of the distribution from the State Motor Vehicle Highway Account at the time of the receipt into the MVH Restricted for 2 of the 24 months during 2022 and 2023. The February 2022 and August 2023 Motor Vehicle Highway Distributions were receipted entirely into the Motor Vehicle Highway fund and none into the MVH Restricted fund.

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AUDIT RESULTS AND COMMENTS
(Continued)

The MVH Restricted fund was incorrectly used to pay for expenses related to sign materials.

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."

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

The same comment also appeared in prior Report B60532.

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, approved Town Council minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund. Required monthly uploads to the Indiana Gateway for Government Units (Gateway) financial reporting system for 14 of 24 months of the audit period were uploaded late or were incomplete.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report. Required annual Gateway uploads were uploaded late or incomplete for all years of the audit period.

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)

CLERK-TREASURER
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AUDIT RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND

This same comment appeared in a Management Letter addressed to the Clerk-Treasurer for the audit period ending December 31, 2021.

Condition and Context

As of April 2024, the Town did not have active surety bonds for the utility office employees.

Criteria

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsections (b), (c), and (d), the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor: . . .

(2) Town judges . . . and clerk-treasurers. . . .

(5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county. . . .

(7) Individuals:

(A) who are employees or contractors of a city, town, county, or township; and

(B) whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds:

(i) that belong to the federal government, the state, a political subdivision, or another governmental entity; and

(ii) in an amount that exceeds five thousand dollars (\$5,000) per year.

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond that:

(1) is endorsed to include faithful performance to cover the faithful performance of; and

(2) includes aggregate coverage sufficient to provide coverage amounts specified for;

all employees, commission members, and persons acting on behalf of the local government unit, including the officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter.

(c) The fiscal body of a city, town, or county may by ordinance or the fiscal body of a township may by resolution authorize the purchase of a name or position schedule bond that:

(1) names each individual or each position covered under the schedule bond;

(2) is endorsed to include faithful performance to cover the faithful performance of all officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter; and

CLERK-TREASURER
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AUDIT RESULTS AND COMMENTS
(Continued)

(3) includes aggregate coverage sufficient to provide coverage amounts specified for all officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter.

(d) The fiscal body of a city, town, county, or township may by ordinance (or for a township, by resolution) authorize the purchase of a crime insurance policy that:

- (1) provides coverage for criminal acts or omissions committed by;
- (2) is endorsed to include the faithful performance to cover the faithful performance of; and
- (3) includes aggregate coverage sufficient to provide coverage amounts specified for;

all officers, employees, contractors, commission members, and persons acting on behalf of the local governmental unit and required to file a bond under this chapter. For the sole purpose of recovering public funds on behalf of a local governmental unit, the state is considered to be an additional name insured on all crime insurance policies and endorsements obtained under this subsection.

(e) Except as provided in subsections (k) and (l), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county.

(f) The amount of the bond of a person who is not specified in subsection (e) and is required to file an individual bond shall be fixed by the fiscal body of the unit as follows:

- (1) If the person is not described in subsection (a)(7), at not less than fifteen thousand dollars (\$15,000).
- (2) If the person is described in subsection (a)(7), at not less than five thousand dollars (\$5,000). . . ."

CLERK-TREASURER
TOWN OF INGALLS
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2024, with Justin Gardner, Clerk-Treasurer; Neil Stevenson, Town Manager; and Crystal Everhart, Vice President of the Town Council.