

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF KINGSFORD HEIGHTS

LAPORTE COUNTY, INDIANA

January 1, 2016 to December 31, 2018



FILED
12/31/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patty Arnett (Vacant) Alivia Walker Duane Arndt	01-01-16 to 04-24-17 04-25-17 to 05-04-17 05-05-17 to 09-05-19 10-07-19 to 12-31-19
President of the Town Council	Renee Allen Wiltfong	01-01-16 to 12-31-19
Superintendent of Water Utility	Henry Ruiz (Vacant) Jason Cox Randy Schwartz	01-01-16 to 10-31-18 11-01-18 to 11-11-18 11-12-18 to 04-17-18 04-18-18 to 12-31-19
Superintendent of Wastewater Utility	Henry Ruiz (Vacant) Jason Cox Randy Schwartz	01-01-16 to 10-31-18 11-01-18 to 11-11-18 11-12-18 to 04-17-18 04-18-18 to 12-31-19
Superintendent of Electric Utility	Troy Walker (Vacant) Vic Aloia	01-01-16 to 03-23-18 03-24-18 to 06-20-18 06-21-18 to 12-31-19
President of the Park Board	Dennis Francis	01-01-16 to 12-10-17*

*Park Board dissolved, effective December 11, 2017.



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF KINGSFORD HEIGHTS, LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Kingsford Heights (Town), for the period from January 1, 2016 to December 31, 2018. 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 our Financial Statements Audit Report of the Town, which provides our opinion on the Town's financial statements. 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 30, 2019

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CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. There was a lack of segregation of duties as the Town had not separated incompatible activities related to cash and investments, receipts, disbursements, and financial reporting.

Cash and Investments

In 2016, the Clerk-Treasurer completed bank reconciliations that were reviewed by the Town Council; however, there was no evidence of this review after March of 2017. The lack of controls enabled variances in 2017 and 2018 to remain unexplained. At December 31, 2017, the Town's combined reconciled bank balance exceeded the fund balance by \$13,866. At December 31, 2018, the Town's combined reconciled bank balance was \$17,182 less than the reconciled fund balance.

Receipts

The Deputy Clerk-Treasurer received collections, issued and recorded receipts, prepared the deposits, and took the deposits to the bank. A proper system of oversight or review had not been established.

Vendor Disbursements

The Clerk-Treasurer performed all of the activities related to vendor disbursements without oversight or review. The lack of effective internal control allowed noncompliance to go undetected. Of the 205 claims tested, 15 claims and their supporting documentation could not be located for audit and, therefore, could not be substantiated, which resulted in a projected sample error of \$86,021. In addition, 27 claims tested were not approved by the governing board.

Payroll Disbursements

The Clerk-Treasurer performed all of the activities related to payroll disbursements without an oversight or review. The lack of effective internal control allowed errors and noncompliance to go undetected. The fiscal officer did not certify payroll claims before payment as required by Indiana Code 5-11-10-1.6.

The lack of internal controls allowed the following errors in payroll to remain undetected:

1. Of the 35 employees tested, 11 employees' payroll time records (time cards or attendance reports) were not presented for audit.
2. None of the time records that were presented for audit were approved by a department head, appropriate official, or the fiscal officer.
3. The payroll expenditures for Utility and Street Department employees were allocated to each of the three utilities and the Street Department based on estimated percentages. Documentation of how the percentages were determined was not presented to determine if the amounts were reasonable.

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

4. A portion of the salaries paid to the Town Council members was paid from the utilities. In addition, the Town Council members were overpaid in 2016.
5. An employee was paid for vacation time not yet earned upon separation of service.
6. Of the 35 employees tested, 18 employees' paychecks contained mathematical errors, resulting in total overpayments of \$2,796.

The deviations projected to the population as a whole totaled \$397,709. The impact of the projected errors on the financial statement resulted in a disclaimer of opinion for disbursements in the *Independent Auditor's Report*.

Financial Reporting

The Clerk-Treasurer prepared and submitted the financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source for the financial statements, from the Town's financial accounting system. There was no evidence of an oversight or review process to detect and correct errors before submission.

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes . . .

- Accurate and timely recording of transactions. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section 'compensation' means the total of money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid. . . .

(b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer and the town marshal. . . . The legislative body shall provide reasonable compensation for other town officers and employees.

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year.

(d) The legislative body may provide that town officers . . . and employees receive additional compensation for services that:

- (1) are performed for the town;
- (2) are not governmental in nature; and
- (3) are connected with the operation of a municipally owned utility or function.

Subject to the approval of the legislative body, the administrative agency operating the utility or function shall fix the amount of the additional compensation, which shall be paid from the revenues of the utility or function."

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT ISSUANCE

Condition and Context

The following errors were noted during a test of receipts for state compliance:

Receipts Were Not Issued at the Time of Collection

The Town did not properly issue receipts for all collections at the time of the transactions. There were instances where cash was collected for water reconnection fees, faxes, and copies, but the manual receipts were not issued at the time of the transactions. The collections were, however, included in the end of day computerized batch receipt.

Manual Receipts Were Issued Out of Order

Some manual receipts were not issued in numerical order. For example, receipt 5147 was issued on September 16, 2016, and receipt 5148 was issued on September 3, 2016; receipt 5157 was issued on September 8, 2016; however, receipt 5158 was issued a day earlier on September 7, 2016.

Receipts Did Not Properly Document the Composition

The utility software program recorded the form of payment each customer remitted: cash, check, money order, or credit card. From the utility software daily close out report, an official daily batch receipt was issued; however, this receipt did not properly document the forms of payment collected for the day. The Town did not correctly list the forms of payment collected on the official daily batch receipt. In addition, the daily bank deposit slips were not properly completed to document the amount of cash and checks collected. The deposit slip listed one total to be deposited. Thus, we were unable to properly test if receipts were deposited intact.

Criteria

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER'S RECEIPT (City Form No. 203A) (Town Form No. 217)

This form will be issued for every cash collection made by the Clerk-Treasurer and will serve as a medium of posting to the Ledger of Receipts, Disbursement, and Balances, City and Town Form No. 208.

This form is to be printed, original and duplicate for use with carbon, prenumbered by the printer, five (5) to the page, original perforated for tear-out, duplicate punched for a two (2) top-section post binder and the lines spaced for use with a standard typewriter.

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

A tape should be run on the duplicate copies of the cash receipts for the day and the total carried to the Treasurer's Cash Balance of Cash and Depositories, City and Town Form No. 212, and proved against the actual cash on hand and deposited. The receipts will be posted numerically in detail or block posted to the Ledger of Receipts, Disbursements and Balances, City and Town Form No. 208.

In accordance with the Public Depository Law cash receipts shall be deposited daily and also should be deposited in the same form as received and should equal the total amount of the day's collections. Each receipt shall note type of receipt (cash, check, money order, EFT, bank/credit card, other). (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

CERTIFICATION OF TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town certified in Gateway that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(g) and that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the standards adopted. However, the Town was unable to provide documentation that the necessary personnel had completed the minimum internal control standards training as required by Indiana Code 5-11-1-27 (g).

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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](#)."

LATE SUBMISSION OF ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B47337, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

The Town's Annual Financial Report for 2018 was not filed electronically until April 4, 2019, which was 34 days past the due date. The Town's Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100R), for 2017 and 2018 were not filed electronically until February 27, 2018, and February 4, 2019, respectively, which was 27 and 4 days past the due date.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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](#)."

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-13-1(a) states in part:

"Every . . . town . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

TOWN COUNCIL MINUTES NOT PRESENTED

Condition and Context

The Town was unable to provide the Town Council minutes for the period of January 1, 2017 to May 7, 2017. We were unable to determine if the Town Council organized at the beginning of 2017.

Criteria

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
 - (2) The members of the governing body recorded as either present or absent.
 - (3) The general substance of all matters proposed, discussed, or decided.
 - (4) A record of all votes taken by individual members if there is a roll call.
 - (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.
- (c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

OVERDRAWN CASH BALANCES

Condition and Context

The financial statements presented included the Wastewater Operating fund with an overdrawn cash balance of \$61,279 at December 31, 2018.

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ERRORS ON DEBT PAYMENTS

Condition and Context

An interest payment of \$6,875 was incorrectly paid twice in 2016. In addition, officials were unable to provide documentation that interest paid of \$5,375 was approved by the governing board in 2018.

Criteria

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

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

TIMELY RECORDING

Condition and Context

As a result of the lack of effective controls over cash and investments, electronic fund transfers totaling \$109,020 were deposited on July 21, 2018, but were not recorded in the Town's ledgers until October 31, 2018, 132 days later.

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ORDINANCES

A similar comment also appeared in prior Report B47209, entitled *ORDINANCES*.

Condition and Context

Utility Billing Rates

The Town was unable to provide ordinances to substantiate the rates billed for Water, Electric, and Sanitary fees charged to its utility customers during the audit period.

Prepayment of Claims

The Town Council did not have an ordinance that allowed the Clerk-Treasurer to pay claims prior to approval by the Town Council at a public meeting. Of the claims tested, 53 percent were paid prior to Town Council approval and 13 percent were paid without verification of Town Council approval.

Criteria

We are not aware of provisions in the Indiana Code specifically addressing late fees for water, gas, and electric utilities organized under IC 8-1.5. The amount and manner of charging late fees on such utilities should be set out in the various bond ordinances, rate ordinances, or other ordinances, resolutions or policies adopted by the governing body. (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 2009)

Indiana Code 36-9-23-31 states in part:

"If fees assessed against real property under this chapter or any statute repealed by [IC 19-2-5-30](#) (repealed September 1, 1981) are not paid within the time fixed by the municipal legislative body, they are delinquent. A penalty of ten percent (10%) of the amount of fees attaches to the delinquent fees. . . ."

Indiana Code 36-5-4-12 states:

"(a) The legislative body of a town may adopt an ordinance allowing money to be disbursed under this section for lawful town purposes.

(b) Notwithstanding [IC 5-11-10](#), with the prior written approval of the board having jurisdiction over allowance of the claim, a town fiscal officer may make claim payments in advance of a board allowance for the following types of expenses if the town legislative body has adopted an ordinance under subsection (a):

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) Property or services purchased or leased from:
 - (A) the United States government; or
 - (B) an agency or a political subdivision of the United States government.
 - (2) License fees or permit fees.
 - (3) Insurance premiums.
 - (4) Utility payments or utility connection charges.
 - (5) Federal grant programs if:
 - (A) advance funding is not prohibited; and
 - (B) the contracting party provides sufficient security for the amount advanced.
 - (6) Grants of state funds authorized by statute.
 - (7) Maintenance agreements or service agreements.
 - (8) Lease agreements or rental agreements.
 - (9) Principal and interest payments on bonds.
 - (10) Payroll.
 - (11) State, federal, or county taxes.
 - (12) Expenses that must be paid because of emergency circumstances.
 - (13) Expenses described in an ordinance.
- (c) Each payment of expenses under this section must be supported by a fully itemized invoice or bill and certification by the fiscal officer.
- (d) The town legislative body or the board having jurisdiction over the allowance of the claim shall review and allow the claim at the body's or board's next regular or special meeting following the preapproved payment of the expense."

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

The Town paid monthly Indiana Utility Sales taxes timely for only three months from May 2017 until August 2019, resulting in penalties and interest being assessed for the late payments. Total penalties and interest paid to the Indiana Department of Revenue in September 2019, totaled \$5,700.

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

Payments for Indiana State Payroll Withholding taxes were consistently paid late in 2018 and 2019. The total penalties and interest paid incurred due to untimely monthly payments totaled \$1,996, which was paid in September 2019.

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)

TRAVEL CLAIMS

Condition and Context

In 2016, a claim included a \$478 meal charged on the Town credit card. The charge included \$70 in alcohol purchases and the average cost per person for the meal was \$80. The Town's travel policy allows for a per diem up to \$40 per person per day.

In 2018, a Town Council member was reimbursed \$61 for gasoline for their personal vehicle while using it on Town business instead of using the prescribed Mileage Claim Form.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

Every effort should be made by the unit to avoid unreasonable or excessive costs. Unreasonable or excessive costs may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses 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)

Per the Town's travel policy, "Officials and employees of the Town of Kingsford Heights, Indiana, upon approval of the Town Council, shall be reimbursed for the actual expenses that are incurred for meals up to forty Dollars (\$40.00) per day excluding any expenses for alcohol beverages, while traveling on behalf of and in the furtherance of the Town of Kingsford Heights, Indiana."

MILEAGE CLAIM (General Form No. 101)

This form is designed to serve as a claim for mileage to be presented to the board for allowance.

Officers and employees may be reimbursed for actual miles traveled in their own motor vehicles on official business of the city or town at a reasonable rate per mile as fixed by ordinance or resolution of the board. Reimbursement mileage shall not include travel to and from the officer's or employee's home and the office. If two or more persons ride in the same motor vehicle, only one mileage reimbursement is allowable. The speedometer reading columns on this form are to be used only when distance between points cannot be determined by fixed mileage or official state highway map. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

PARK RECEIPTS AND DISBURSEMENTS

Condition and Context

The Town Park Department collected fees for baseball league registrations; however, the Town Park Department did not remit all funds to the Town for receipt at the time of the transaction. In addition, expenses were not paid through the normal claims process. The Town Park Department paid league expenses for umpires, shirts, and equipment with cash collected from the team registration fees. When the season was over, the net collections were remitted to the Town.

Criteria

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(d) states in part:

"Except as provided in subsection (g), a city . . . or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . ."

- (3) A city or a town required to deposit funds under subsection (d)."

CLERK-TREASURER
TOWN OF KINGSFORD HEIGHTS
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2019, with Duane Arndt, Clerk-Treasurer; Renee Allen Wiltfong, President of the Town Council; Kari Moss, Town Council member; Earl Cole, Town Council member; Jerry Hunt, Town Council member; and Terry Beane, Sr., Town Council member.

TOWN COUNCIL
TOWN OF KINGSFORD HEIGHTS

TOWN COUNCIL
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS

TRAINING ON INTERNAL CONTROL STANDARDS

The Town certified on the Indiana Gateway for Government Units reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(g) and that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the standards. However, the Town was unable to provide documentation that the necessary personnel had completed the minimum internal control standards training as required by Indiana Code 5-11-1-27 (g).

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision . . ."

ERRORS ON DEBT PAYMENTS

Condition and Context

An interest payment of \$6,875 was incorrectly paid twice in 2016. In addition, officials were unable to provide documentation that interest paid of \$5,375 was approved by the governing board in 2018.

Criteria

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

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

TOWN COUNCIL
TOWN OF KINGSFORD HEIGHTS
AUDIT RESULTS AND COMMENTS
(Continued)

ORDINANCES

A similar comment also appeared in prior Report B47209, entitled *ORDINANCES*.

Condition and Context

Utility Billing Rates

The Town was unable to provide ordinances to substantiate the rates billed for Water, Electric, and Sanitary fees charged to its utility customers during the audit period.

Utility Penalties

The Town Council did not adopt an ordinance establishing penalties for past due garbage or electric services.

Prepayment of Claims

The Town Council did not have an ordinance to allow the Clerk-Treasurer to pay claims prior to approval by the Town Council at a public meeting. Of the claims tested, 53 percent were paid prior to Town Council approval and 13 percent were paid without verification of Town Council approval.

Police Fees

The Town Council did not enact an ordinance establishing fees for police accident reports or VIN checks.

Criteria

Indiana Code 36-9-23-31 states in part:

"If fees assessed against real property under this chapter or any statute repealed by [IC 19-2-5-30](#) (repealed September 1, 1981) are not paid within the time fixed by the municipal legislative body, they are delinquent. A penalty of ten percent (10%) of the amount of fees attaches to the delinquent fees. . . ."

We are not aware of provisions in the Indiana Code specifically addressing late fees for water, gas, and electric utilities organized under IC 8-1.5. The amount and manner of charging late fees on such utilities should be set out in the various bond ordinances, rate ordinances, or other ordinances, resolutions or policies adopted by the governing body. (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 2009)

Indiana Code 36-5-4-12 states in part:

"(a) The legislative body of a town may adopt an ordinance allowing money to be disbursed under this section for lawful town purposes.

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(b) Notwithstanding [IC 5-11-10](#), with the prior written approval of the board having jurisdiction over allowance of the claim, a town fiscal officer may make claim payments in advance of a board allowance for the following types of expenses if the town legislative body has adopted an ordinance under subsection (a): . . .

(d) The town legislative body or the board having jurisdiction over the allowance of the claim shall review and allow the claim at the body's or board's next regular or special meeting following the preapproved payment of the expense."

Indiana Code 9-29-11-1(a) states:

"Except as provided in subsection (c), the main department, office, agency, or other person under whose supervision a law enforcement officer carries on the law enforcement officer's duties may charge a fee that is fixed by ordinance of the fiscal body in an amount not less than five dollars (\$5) for each report."

The following procedures are recommended for a municipality to impose an inspection fee.

1. If the legislative body of a municipality wishes to authorize the imposition of a fee for inspecting motor vehicles, the city or town attorney should be consulted for his or her guidance in preparing and enacting an ordinance listing the inspection fee to be charged and how such revenues should be handled. IC 9-29-4-2 states that the fee may not exceed five dollars (\$5). . . .

(Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2013)

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EXIT CONFERENCE

The contents of this report were discussed on October 30, 2019, with Renee Allen Wiltfong, President of the Town Council; Kari Moss, Town Council member; Earl Cole, Town Council member; Jerry Hunt, Town Council member; Terry Beane, Sr., Town Council member; and Duane Arndt, Clerk-Treasurer.