

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF KNIGHTSTOWN

HENRY COUNTY, INDIANA

January 1, 2018 to December 31, 2019



FILED

03/24/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Beth A. Huffman (Vacant) Bart Whitesitt	01-01-18 to 12-31-21 01-01-22 to 01-21-22 01-22-22 to 12-31-22
President of the Town Council	Sarah Ward	01-01-18 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF KNIGHTSTOWN, HENRY COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Knightstown (Town), for the period from January 1, 2018 to December 31, 2019. 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 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

March 18, 2022

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CLERK-TREASURER
TOWN OF KNIGHTSTOWN

CLERK-TREASURER
TOWN OF KNIGHTSTOWN
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

There was no evidence presented that the Town had completed a physical inventory of capital assets within the last two years. The Town's capital asset inventory listing included capital assets that were no longer in possession of the Town. The inventory included two vehicles that could not be observed.

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)

CONDITION OF RECORDS

Condition and Context

Verification of the combined bank reconciliation as of December 31, 2018, identified a cash short in the amount of \$1,665. Verification of the combined bank reconciliation as of December 31, 2019, identified a cash short in the amount of \$13,085.

Criteria

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town had not created the Motor Vehicle Highway (MVH) Restricted fund, as required during the audit period. Activity of the MVH Restricted fund was not reported separately from the Motor Vehicle Highway (MVH) fund in the Annual Financial Report filed in the Indiana Gateway for Government Units financial reporting system. Thus, all State Motor Vehicle Highway Account distributions were incorrectly posted to the MVH fund.

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

The MVH Restricted fund was subsequently created in 2021 and the prior distributions were corrected to the proper fund.

Criteria

The purpose of this Directive is to authorize and require . . . 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. . . .

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

...

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report.

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)

ORDINANCES AND RESOLUTIONS

Condition and Context

The Town's purchasing policy requires solicitation of quotes for all purchases over \$1,000. For three of five purchases tested, no evidence of solicitation of quotes were presented.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
TOWN OF KNIGHTSTOWN
EXIT CONFERENCE

The contents of this report were discussed on March 18, 2022, with Bart Whitesitt, Clerk-Treasurer; Wanda Olsheske, Deputy Clerk-Treasurer; Sarah Ward, President of the Town Council; Beth A. Huffman, former Clerk-Treasurer; Landon Dean, Town Council member; Cheryl Hammer, Town Council member; and Chuck Rhodes, Town Council member.