



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

June 23, 2022

TO: THE OFFICIALS OF THE TOWN OF INDIAN VILLAGE, ST. JOSEPH 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 Indian Village (Town), St. Joseph County, for the period of January 1, 2017 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: [www.gateway.ifonline.org](http://www.gateway.ifonline.org).

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

**Comments**

***ADOPTION OF, AND TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS***

Similar comments appeared in prior Report B49995, entitled *ADOPTION OF INTERNAL CONTROL STANDARDS* and *CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

***Condition and Context***

The Town certified on Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, the Town could not provide supporting documentation that the Town Council had adopted the minimum internal control standards.

The Town certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted; however, the Town could not provide supporting documentation that all personnel had received training concerning the internal control standards.

***Criteria***

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

"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; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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](#)."

### **BANK ACCOUNT RECONCILIATIONS**

The same comment appeared in prior Reports B43472 and B49995.

#### *Condition and Context*

Depository reconciliations of the fund balances to the bank account balances were not presented for review. As a result, the December 31, 2020 cash and investments balance was \$3,135 less than the adjusted bank balance.

#### *Criteria*

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."

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)

### **LATE SUBMISSION OF ANNUAL FINANCIAL REPORT**

#### *Condition and Context*

The Town's Annual Financial Reports for 2019 and 2020 were not filed electronically until June 8, 2020, and March 23, 2021, respectively, which was 100 and 22 days past the due date.

#### *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](#)."

## **LATE SUBMISSION OF CERTIFIED REPORT**

### *Condition and Context*

The Town's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R), for 2020 was not filed electronically until March 23, 2021, respectively, which was 46 days past the due date.

### *Criteria*

Indiana Code 5-11-13-1 states:

"(a) As used in this section, 'audited entity' includes only the following:

- (1) The state.
- (2) A municipality.
- (3) A state educational institution.

(b) Each audited entity 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 the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#).

(c) The department of local government finance may not approve the budget of a county, city, town, or township or a supplemental appropriation for a county, city, town, or township until the county, city, town, or township files an annual report under subsection (b) for the preceding calendar year."

## **MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND**

### *Condition and Context*

In 2019, the Town failed to create and report the MVH Restricted sub-fund as directed by the State Examiner. In addition, the Town failed to allocate or deposit at least 50 percent of the distributions from the State Motor Vehicle Highway (MVH) Account at the time of the receipt, into an MVH Restricted sub-fund. Since the MVH Restricted sub-fund had not been created, we were not able to determine if the Town used at least 50 percent for the purposes specified in Indiana Code 8-14-1-5(c).

### *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 Operational 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)

Indiana Code 8-14-1-5(c) states: "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."

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)

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.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT  
BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2020

<u>Fund</u>	<u>Cash and Investments 12-31-20</u>
General Fund	\$ 64,781
MVH Fund	17,233
LRSA	8,176
Rainy Day Fund	2,842
CCIF	10,389
CEDIT	9,446
LOIT Public Safety	<u>151</u>
Total	<u>\$ 113,018</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Suzette Jozwiak, Clerk-Treasurer; Geraldine Oppenheim, President of the Town Council; and Mike Eby, Deputy Clerk-Treasurer, on June 8, 2022.



Beth Kelley, CPA, CFE  
Deputy State Examiner

# TOWN OF INDIAN VILLAGE

PO BOX 6472 SOUTH BEND, IN 46660

## **AUDIT RESPONSE**

In reviewing the preliminary report of the Town Audit conducted by the State Board of Accounts this spring, the Town accepts the findings of the audit as presented. However, we do wish to address some of the points raised in the audit for clarification.

### **Internal Controls**

All Town employees viewed the Powerpoint presentation prepared by the state and signed the accompanying acknowledgements. All five Town employees are in agreement that the presentation was viewed and the document acknowledging it was signed by each employee. At this time, the documents have not been located. Should we need to, we will review the presentation again and resubmit the forms.

### **Late Submission of Annual Reports**

Like many entities, COVID-19 had a major impact on our Town government. Quarantines and the inability to meet meant that many aspects of Town government could not be conducted. As we are a group of older Americans, we followed recommendations and were not able to meet for many months. Once restrictions were lessened, we were able to go back to much of the business that had been neglected during the COVID lockdowns. This was especially true in the spring of 2020, when the lockdown was at its strictest.

### **MVH Restricted Fund**

None of our Town officials recall communication regarding the creation of a sub-account to our MVH Fund. This will be done immediately. We would like to add that all of our MVH expenses do follow the acceptable uses of MVH funds, as can be seen in our ledger. As our roads age, we are seeing a greater need for road repair. These road repair funds are coming out of MVH. We do not use MVH for any salaries, benefits, or supplies.