

**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, 2019 to December 31, 2020



**FILED**  
07/01/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Alivia Walker (Vacant) Duane Arndt	01-01-19 to 09-05-19 09-06-19 to 10-06-19 10-07-19 to 12-31-22
President of the Town Council	Renee Allen Wiltfong Brian Nurnberg Dennis Francis	01-01-19 to 12-31-19 01-01-20 to 03-02-20 03-03-20 to 12-31-22
Superintendent of Water Utility	Jason Cox	01-01-19 to 12-31-22
Superintendent of Wastewater Utility	Randy Schwartz	01-01-19 to 12-31-22
Superintendent of Electric Utility	Vic Aloia Jason Cox	01-01-19 to 01-06-20 01-07-20 to 12-31-22



**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)

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, 2019 to December 31, 2020. 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/](http://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

May 17, 2022

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CLERK-TREASURER  
TOWN OF KINGSFORD HEIGHTS

CLERK-TREASURER  
TOWN OF KINGSFORD HEIGHTS  
AUDIT RESULTS AND COMMENTS

**FINANCIAL TRANSACTIONS AND REPORTING**

The same comment also appeared in prior Report B54215.

*Condition and Context*

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. Internal control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statement. The Town had not separated incompatible activities related to all areas of the financial statement. The failure to establish internal controls enabled material misstatements to remain undetected.

*Cash and Investments*

One individual performed the monthly bank reconciliations without evidence of an oversight or review process. The Town's bank reconciliations were not complete or accurate as they did not include all depository accounts, and contained unsubstantiated reconciling items. Additional audit procedures were performed to ascertain if the cash and investments balance was fairly stated in the financial statement.

At December 31, 2019 and 2020, the Town's combined reconciled bank balance exceeded the fund balances by \$31,638 and \$12,479, respectively. The financial statement was not adjusted due to these variances.

*Receipts*

The Deputy Clerk-Treasurer received collections, issued and recorded receipts, prepared the deposits, and took the deposits to the bank. In addition, all utility billing collections received were posted to customer accounts by the Deputy Clerk-Treasurer. A proper system of oversight or review had not been established or evidenced.

*Vendor Disbursements*

One employee performed all the activities related to vendor payments without evidence of an oversight or review process to ensure accuracy and completeness of the disbursements. The lack of effective internal controls allowed noncompliance to go undetected. Of the 142 vendor disbursements (claims) tested, 12 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 \$89,869. The financial statement was not adjusted due to these errors.

*Payroll Disbursements*

One employee performed all the activities related to payroll disbursements without an oversight or review process evidenced. Additional audit time was spent performing other procedures to ascertain if payroll disbursements were fairly stated in the financial statement.

*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 statement. An oversight or review process to detect and correct errors prior to submission was not evidenced.

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

The lack of effective internal controls enabled the following errors to go undetected:

1. The Payroll fund receipts and disbursements were understated by \$453,096 and \$471,219, respectively.
2. The Water Operating fund receipts and disbursements were each understated by \$251,057.
3. The Wastewater Bond & Int fund disbursements were understated by \$40,209.
4. The Wastewater Sinking Fund disbursements were understated by \$21,891.
5. The WW Const in Prog fund receipts and disbursements were understated by \$885,000 and \$706,075, respectively.
6. The Local Road & Bridge Matching Grant fund receipts and disbursements of \$137,131 each were erroneously combined with the Local Road & Street fund. This resulted in the receipts and disbursements to be overstated in the Local Road & Street fund, and understated in the Local Road & Bridge Matching Grant fund by \$137,131 each, respectively.

Audit adjustments were proposed, accepted by management, and made to the financial statement.

In addition, an evaluation of the Town's system of internal control had not been conducted. The Town had no process to identify or communicate corrective actions to improve internal controls. Effective internal controls over financial reporting required the Town to monitor and assess the quality of the system of internal control.

*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:

"The control environment is the basic commonality for all and comprises the integrity and ethical values of the political subdivision established by the oversight body and management. The standards, processes, and structures which form the control environment pervasively impact the overall system of internal control. The oversight body and management convey leadership expectations, and overall tone which are reinforced by all officials and management throughout the various offices and departments. The control environment also contains the overall accountability structure for all employees through performance and reward measures. Within this structure, leadership demonstrates commitment to the political subdivision by having a process for attracting, developing, and retaining competent individuals. This component is static in that its underpinnings do not generally change with a given objective."

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

"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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

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."

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;

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

- (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 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](#)."

### ***PAYROLL DEFICIENCIES***

A similar comment also appeared in prior Report B54215, entitled *FINANCIAL TRANSACTIONS AND REPORTING*.

#### *Condition and Context*

There were deficiencies in the internal control system of the Town related to payroll. One employee performed all the activities related to payroll disbursements without an oversight or review process evidenced.

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

1. Of the 26 employees tested, 13 employees' payroll time records (timecards or time sheets) were not presented for audit. Additional audit time was spent performing other procedures to ascertain if payroll disbursements were fairly stated in the financial statement.
2. Of the 26 employees time records tested, 4 were not approved by a department head, appropriate official, or the fiscal officer.
3. Of the 26 employees tested, 1 employee was paid less than the amount approved in the salary ordinance adopted by the Town Council.
4. 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.

#### *Criteria*

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

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

General Form 99A, Employee's Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

The PAYROLL SCHEDULE AND VOUCHER (General Form No. 99) should be used for all payrolls.

Each claim should be certified to by the department head and the Clerk-Treasurer in the appropriate sections provided thereon. The Clerk-Treasurer may elect to certify on the Accounts Payable Voucher Register, General Form No. 364, in lieu of certifying each Payroll Schedule and Voucher.

Payroll claims should be numbered along with other claims.

Approval signatures by a majority of the board is required in the appropriate section unless the Accounts Payable Voucher Register, General Form No. 364, is signed.

Posting from this form will be to the Ledger of Appropriations, Encumbrances, Disbursements and Balances, City and Town Form No. 209, for the gross amount of the pay and to the Employee's Earnings Record, General Form No. 99B.

Payroll claims should be filed with other claims in numerical order. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

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 36-5-3-2(d) states in part:

"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)

**ERRORS ON CLAIMS**

A similar comment also appeared in prior Report B54215, entitled *ERRORS ON DEBT PAYMENTS*.

*Condition and Context*

The following errors were noted in the testing of disbursements:

1. Ten of fifteen debt payments tested totaling \$121,232 were either not included or could not be found on an Accounts Payable Voucher (APV) Register, which would have documented the certification by the fiscal officer and approval by the Town Council.
2. Transfers between funds totaling \$32,021 for debt payments were not approved by the Town Council and the enabling ordinance or resolution authoring the transfers was not provided.
3. Of the 58 vendor payments tested for compliance, the following errors were noted:
  - a. Twelve payments did not have supporting documentation, including an itemized bill or APV, and we could not determine if they were recorded timely.
  - b. Twenty-one were not approved by the officer or person receiving the goods and services.
  - c. Nineteen were not certified by the fiscal officer either on the APV or APV Register.
  - d. Fifteen were not included on the APV Register which would have documented the Town Council approval.

*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;

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

- (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. . . ."

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)

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

*Condition and Context*

In 2019, the Town failed to receipt half of the State Motor Vehicle Highway (MVH) distributions to the MVH Restricted fund as required. This resulted in an understatement of the MVH Restricted fund receipts and cash and investments balance of \$1,303.

*Criteria*

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**

The same comment appeared in prior Reports B47209 and B54215.

*Condition and Context*

The following errors were noted in the testing of utility billings:

1. The Town did not provide an ordinance for sanitation billing rates. Contracts with the refuse vendors were provided which indicated the rate charged to the Town, but that rate did not agree to what the Town charged on utility billings.
2. The Town could not provide the approved Ordinance No. 12-16-2019 which increased the wastewater rates and charges. The Town billed the new wastewater rates in February 2020 and stormwater in May 2020. We could not determine compliance with the increased rates and charges without the approved ordinance.

The Town was able to provide the schedule of proposed sewage (wastewater) rates and charges and indicated that the proposed rates were the approved rates.

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

3. Of the 61 utility billings tested, the following errors were noted:
  - a. Four wastewater billing rates tested did not agree to the approved rate ordinance.
  - b. Three billings included a sprinkler credit that was not included in the approved rate ordinance.
  - c. Fifty-one electric billing rates tested did not agree to the approved rate ordinance.

*Criteria*

Indiana Code 36-9-30-21(a) states in part: ". . . the fiscal body of the unit owning, operating, and maintaining facilities for the collection or disposal of solid waste may, by ordinance, establish and maintain just and equitable fees for the use of and the service rendered by the facilities."

Indiana Code 36-9-23-25(a) states in part: ". . . the municipal legislative body shall, by ordinance, establish just and equitable fees for the services rendered by the sewage works, and provide the dates on which the fees are due."

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)

**OVERDRAWN CASH BALANCES**

The same comment also appeared in prior Report B54215.

*Condition and Context*

The financial statement presented included the following funds with overdrawn cash and investments balances at December 31, 2019 and 2020:

Fund	Amount Overdrawn As of December 31,	
	2019	2020
Payroll	\$ -	\$ 17,071
Electric Operating	36,696	-
Wastewater Sinking Fund	21,891	21,891
Wastewater Operating	37,997	-
Water Operating	3,967	-
Wastewater Bond & Int	-	40,209

*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)

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

***PENALTIES, INTEREST, AND OTHER CHARGES***

The same comment also appeared in prior Report B54215.

*Condition and Context*

The Town paid monthly Indiana Utility Sales taxes untimely for September and December 2019. This resulted in penalties and interest being assessed for the late payments. Total penalties and interest paid to the Indiana Department of Revenue totaled \$842.

The Town paid monthly Indiana State Payroll Withholding taxes untimely for October 2019, August 2020, and September 2021. This resulted in penalties and interest being assessed for the late payments. Total penalties and interest paid to the Indiana Department of Revenue totaled \$445.

*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)

***RECEIPTS - SUPPORTING DOCUMENTATION***

*Condition and Context*

The Town's receipts for a \$71,000 temporary loan, Building Permits, Electric Deposit, Water Transfers, and Community Center Rental did not contain all supporting documentation to verify compliance with Town Council actions, rates charged, or to customer accounts. In addition, the Town could not locate four receipts for testing.

*Criteria*

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

**CERTIFICATION OF TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B54215.

*Condition and Context*

The Town certified in the Indiana Gateway for Government Units financial 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 adopted. However, the Town was unable to provide documentation that the necessary personnel had completed the minimum internal control standards training.

*Context*

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](#)."

CLERK-TREASURER  
TOWN OF KINGSFORD HEIGHTS  
EXIT CONFERENCE

The contents of this report were discussed on May 17, 2022, with Duane Arndt, Clerk-Treasurer; Dennis Francis, President of the Town Council; Joe Atkinson, Vice President of the Town Council; Brian Nurnberg, Town Council member; Evelyn Ballinger, Town Council member; and Kari Moss, Town Council member.

TOWN COUNCIL  
TOWN OF KINGSFORD HEIGHTS

TOWN COUNCIL  
TOWN OF KINGSFORD HEIGHTS  
AUDIT RESULTS AND COMMENTS

**ORDINANCES**

The same comment appeared in prior Reports B47209 and B54215.

*Condition and Context*

The following errors were noted in the testing of utility billings:

1. The Town did not provide an ordinance for sanitation billing rates. Contracts with the refuse vendors were provided which indicated the rate charged to the Town, but that rate did not agree to what the Town charged on utility billings.
2. The Town could not provide the approved Ordinance No. 12-16-2019 which increased the wastewater rates and charges. The Town billed the new wastewater rates in February 2020 and stormwater in May 2020. We could not determine compliance with the increased rates and charges without the approved ordinance.

The Town was able to provide the schedule of proposed sewage (wastewater) rates and charges and indicated that the proposed rates were the approved rates.

3. Of the 61 utility billings tested, the following errors were noted:
  - a. Four wastewater billing rates tested did not agree to the approved rate ordinance.
  - b. Three billings included a sprinkler credit that was not included in the approved rate ordinance.
  - c. Fifty-one electric billing rates tested did not agree to the approved rate ordinance.

*Criteria*

Indiana Code 36-9-30-21(a) states in part: ". . . the fiscal body of the unit owning, operating, and maintaining facilities for the collection or disposal of solid waste may, by ordinance, establish and maintain just and equitable fees for the use of and the service rendered by the facilities."

Indiana Code 36-9-23-25(a) states in part: ". . . the municipal legislative body shall, by ordinance, establish just and equitable fees for the services rendered by the sewage works, and provide the dates on which the fees are due."

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)

**TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment appeared in prior Report B54215.

*Condition and Context*

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).

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

*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: . . .

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

**TOWN COUNCIL COMPENSATION**

*Condition and Context*

Town Council salaries were established by ordinance at \$1,000 per quarter with an additional \$200 a year to the member serving as President for 2020. The Town paid the members serving as President \$200 per quarter, which resulted in the overpayment of compensation.

Brian Nurnberg (Nurnberg) was a member of the Town Council for the entire year of 2020 and served as President from January 1, 2020 through March 2, 2020. The \$4,133.34 total compensation paid to Nurnberg exceeded the amount fixed in the salary ordinance by \$94.88.

We requested Nurnberg reimburse the Town \$94.88 for the overpayment of compensation. (See Summary of Charges, page 22)

Dennis Francis (Francis) was a member of the Town Council for the entire year of 2020 and served as President from March 3, 2020 through December 31, 2020. The \$4,666.66 total compensation paid to Francis exceeded the amount fixed in the salary ordinance by \$505.12.

We requested Francis reimburse the Town \$505.12 for the overpayment of compensation. (See Summary of Charges, page 22)

*Criteria*

Indiana Code 36-5-3-2, at all relevant times, stated:

"(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. An ordinance adopted under this subsection that fixes the annual compensation of an elected town officer shall provide for an annual, monthly, or biweekly salary schedule. An elected town officer is not required to report hours worked and may not be compensated based on the number of hours worked. 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.

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

(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."

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)

TOWN COUNCIL  
TOWN OF KINGSFORD HEIGHTS  
EXIT CONFERENCE

The contents of this report were discussed on May 17, 2022, with Duane Arndt, Clerk-Treasurer; Dennis Francis, President of the Town Council; Joe Atkinson, Vice President of the Town Council; Brian Nurnberg, Town Council member; Evelyn Ballinger, Town Council member; and Kari Moss, Town Council member.

TOWN COUNCIL  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Brian Numberg, Town Council member:			
Town Council Compensation, pages 19 and 20	\$ 94.88	\$ -	\$ 94.88
Dennis Francis, Town Council member:			
Town Council Compensation, pages 19 and 20	505.12	-	505.12
Totals	\$ 600.00	\$ -	\$ 600.00

This report was forwarded to the Office of the Indiana Attorney General.

AFFIDAVIT

STATE OF INDIANA )  
Porter )  
COUNTY)

We, Tyler Millington and Sara Prybylla, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Kingsford Heights, Laporte County, Indiana, for the period from January 1, 2019 to December 31, 2020, is true and correct to the best of our knowledge and belief.

Tyler Millington  
Sara Prybylla  
Field Examiners

Subscribed and sworn to before me this 15 day of June, 2022

Constance M. Crowley  
Notary Public

My Commission Expires: 6/5/2024  
County of Residence: Porter



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