

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF NAPPANEE

ELKHART COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
12/15/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Fund Sources and Uses.....	6
Official Response.....	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeffrey P. Knight	01-01-20 to 12-31-22
Mayor	Philip W. Jenkins	01-01-20 to 12-31-22
President of the Board of Public Works and Safety	Philip W. Jenkins	01-01-20 to 12-31-22
President of the Common Council	Philip W. Jenkins	01-01-20 to 12-31-22
Superintendent of Utilities	Gale Gerber	01-01-20 to 12-31-22



STATE OF INDIANA
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TO: THE OFFICIALS OF THE CITY OF NAPPANEE, ELKHART COUNTY, INDIANA

This report is supplemental to our audit report of the City of Nappanee (City), for the period from January 1, 2020 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 City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City'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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

December 6, 2022

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CLERK-TREASURER
CITY OF NAPPANEE

CLERK-TREASURER
CITY OF NAPPANEE
AUDIT RESULT AND COMMENT

FUND SOURCES AND USES

Condition and Context

The LOIT Special Distribution fund was used for receipts and disbursements not related to the LOIT Special Distribution fund. Community Crossing Grants were receipted and disbursed through the LOIT Special Distribution fund. Community Crossing receipts and expenditures should have been recorded in a Community Crossing Grant fund.

Receipts for federal grants passed through from the Indiana Department of Transportation were recorded in the Motor Vehicle Highway fund. These receipts should have been recorded in their own grant fund.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 36-1-8-12(a) states:

"If a political subdivision other than a school corporation receives state grant money requiring local matching money, the political subdivision shall create a special fund and deposit the grant money and matching money into the special fund. The money in the fund may be used only for the purposes of the grant."

When funds are provided by the federal government either directly to a city or town or through a state agency for any program or project, the following procedures should be followed:

A separate Fund for each grant is required. (Cities and Towns Bulletin And Uniform Compliance Guidelines, June 2020, page 13)



Jeff Knight
Clerk - Treasurer
jknight@nappanee.org

OFFICIAL RESPONSE

Date: December 12, 2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: 2020 Fund Sources and Uses – LOIT Special Distribution Fund

I acknowledge, and do not dispute, the use of the LOIT Special Distribution Fund for receipting in and disbursing funds pertaining to the Community Crossing Grants and MVH for Federal Highway Grants. This audit was the first I was aware that this was a special use fund and was not being used correctly.

I will have two new funds established to handle these funding sources going forward. We will no longer utilize the LOIT Special Distribution Fund.

Jeffrey P. Knight
Clerk-Treasurer, City of Nappanee

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CLERK-TREASURER
CITY OF NAPPANEE
EXIT CONFERENCE

The contents of this report were discussed on December 6, 2022, with Jeffrey P. Knight, Clerk Treasurer; Philip W. Jenkins, Mayor; and Amy Rosa, Common Council member.