

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

FEDERAL SINGLE AUDIT REPORT
OF
CITY OF GREENWOOD
JOHNSON COUNTY, INDIANA
January 1, 2015 to December 31, 2015



FILED
08/24/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Adam Stone	01-01-15 to 12-31-16
Mayor	Mark W. Myers	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Michael Newbold	01-01-15 to 12-31-16
President of the Common Council	J. David Hopper Mike Campbell	01-01-15 to 12-31-15 01-01-16 to 12-31-16
Superintendent of Wastewater Utility	Keith Meier	01-01-15 to 12-31-16
Superintendent of Storm Water Utility	Christopher Jones	01-01-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Greenwood (City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a significant deficiency.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Greenwood's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 24, 2016



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE CITY OF GREENWOOD, JOHNSON COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Greenwood's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 24, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Paul D. Joyce, CPA
State Examiner

June 24, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF GREENWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Department of Housing and Urban Development					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawai OCRA GRANT	DIRECT	14.228	EDSA192-16-MS-14-100	\$ -	\$ 16,000
Total - Department of Housing and Urban Development				-	16,000
Department of Justice					
Edward Byrne Memorial Justice Assistance Grant Program 2014 Police JAG 2015 Police JAG	DIRECT	16.738	2014-DJ-BX-1311 2015-DJ-BX-00667	7,953 8,892	11,245 8,893
Total - Edward Byrne Memorial Justice Assistance Grant Program				16,845	20,138
Bulletproof Vest Partnership Program Bullet Proof Vest Bullet Proof Vest	DIRECT	16.607	2013-BU-BX-13058557 2014-BU-BX-14058557	- -	957 2,260
Total - Bulletproof Vest Partnership Program				-	3,217
Total - Department of Justice				16,845	23,355
Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction TRANSPORTATION ENHANCEMENT Tracy Trails Phase IV HWY SAFETY Woodman Blvd Signal	INDIANA DEPARTMENT OF TRANSPORTATION INDIANA DEPARTMENT OF TRANSPORTATION	20.205	EDS A249-11-320 DES# 1382807	- -	250,650 13,646
Total - Highway Planning and Construction				-	264,296
ARRA - Highway Planning and Construction Sign Replacement	INDIANA DEPARTMENT OF TRANSPORTATION	20.205	EDS A249-10-320	-	11,556
Total - Highway Planning and Construction Cluster				-	275,852
Highway Safety Cluster State and Community Highway Safety Police BCC Police BCC	JOHNSON COUNTY	20.600	PT-14-11-04-33 PT-15-11-04-33	- -	1,720 20,843
Total - State and Community Highway Safety				-	34,119
Alcohol Impaired Driving Countermeasures Incentive Grants I Police DUI/BLITZ Police DUI	JOHNSON COUNTY	20.601	K8-2014-03-03-15 K8-2015-03-03-15	- -	4,218 10,135
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				-	14,353
Total - Highway Safety Cluster				-	36,916
Airport Improvement Program AIP 25 AIP 27 AIP 28 AIP 29	DIRECT	20.106	3-18-0097-025-2011 3-18-0097-027-2013 3-18-0097-028-2014 3-18-0097-029-2015	- - - -	15,578 14,850 879,267 3,172
Total - Airport Improvement Program				-	912,867
Total - Department of Transportation				-	1,225,635
Department of Homeland Security					
Assistance to Firefighters Grant Fire Dept Safer Grant	DIRECT	97.044	EMW - 2012-FH-00826	-	235,406
Total - Department of Homeland Security				-	235,406
Total federal awards expended				\$ 16,845	\$ 1,500,396

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF GREENWOOD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

CITY OF GREENWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
20.106	Airport Improvement Program	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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CITY OF GREENWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II - Financial Statement Findings

FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

There were deficiencies in the internal control system of the City related to financial transactions and reporting of capital assets. The City did not have procedures in place to verify that assets that had been auctioned or discarded due to damage were removed from the capital asset records. In addition, the City did not have procedures in place for properly reporting Construction in Progress in the capital asset ledger.

Failure to monitor the internal control system placed the City at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would prevent, or detect and correct, misstatements in a timely manner.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



Adam Stone
Controller

City of Greenwood
Summary Schedule of Prior Audit Findings

April 12, 2016

Finding No. 2014-001 Internal Controls over Financial Transaction and Reporting Awards

Fiscal Year: 2014
Auditee Contact Person: Adam Stone
Title of Contact Person: Controller
Phone Number: 317.887.5288

Status of Finding:

Bank reconciliations are completed on a monthly basis by the Deputy Controller and Accounting Specialist. The reconciliations are reviewed for accuracy by the Controller and initialed by the Controller as verification. Reconciliations are maintained in a shared Finance folder for accessibility.

Finding No. 2014-002 Internal Controls Over Assistance to Firefighters Grant

Fiscal Year: 2014
Federal Agency: Department of Homeland Security
Federal Program: Assistance to Firefighters Grant
CFDA Number: 97.044
Federal Award Number and Year or Other Identifying No.: EMW – 2012-FH-00826 and EMW – 2012-FO-01549

Auditee Contact Person: Adam Stone
Title of Contact Person: Controller
Phone Number: 317.887.5288

Status of Finding:

The Fire Department Assistant Chief is the new contact person for grant administration within the Fire Department. The Asst. Chief will forward copies of grant applications, awards and all other related documents to the Deputy Controller for review. Salary reimbursement requests will be reviewed by the Deputy Controller upon submission. The Fire Department is now aware of the requirements for review of the vendor for suspension and debarment.



Adam Stone
Controller

Finding No. 2014-003 Allowable Costs

Fiscal Year: 2014
Federal Agency: Department of Homeland Security
Federal Program: Assistance to Firefighters Grant
CFDA Number: 97.044
Federal Award Number and Year or Other Identifying No.: EMW – 2012-FH-00826 and EMW – 2012-FO-01549
Auditee Contact Person: Adam Stone
Title of Contact Person: Controller
Phone Number: 317.887.5288
Status of Finding:

The Fire Department grant administrator submits to the Deputy Controller the payroll documentation for the grant reimbursement. The Deputy Controller verifies the amount for accuracy based upon the approved salaries and benefits from the SAFER grant. The SAFER grant reimbursements are based upon salaries of Probationary and Second Class Firefighters plus an average of our benefit package for fulltime employees. The SAFER grant allows amendments to the grant. The amendments are forwarded to the Deputy Controller. The City has applied for another SAFER grant and the Deputy Controller has provided and saved the benefits estimates.

Charges of wages will be supported by semi-annual time distribution records for the grant participants.

Sincerely,

Adam Stone
Controller
City of Greenwood, IN
stonea@greenwood.in.gov
317-887-5288



Finance Office

Adam Stone
Controller

CORRECTIVE ACTION PLAN

FINDING 2015-001 Internal Controls Over Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Adam Stone

Contact Phone Number: 317-887-5288

Views of Responsible Official: We concur with the finding and have set a corrective action plan in place.

Description of Corrective Action Plan:

1. Categories on the Capital Asset Document will be revised for consistency with the Capital Asset Policy.
2. Beginning May 2016 Department Heads were required to use a standardized addition and deletion form for purchases and sales of capital assets.
3. The current Capital Asset Document will be reviewed with department heads for accuracy.

Anticipated Completion Date: November 2016



(Signature)

Controller

(Title)

6/20/16

(Date)

300 S. Madison Ave. Greenwood, Indiana 46142
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Website: www.cityofgreenwood.com

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.