

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

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

This report is supplemental to our audit report of the City of Greenwood (City), for the period from January 1, 2015 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Report and Federal Single Audit Report of the City, which provide our opinions on the City's financial statements and federal program compliance. These reports may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

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 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 Corrective Action Plan for the Federal Finding and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

June 24, 2016

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CONTROLLER
CITY OF GREENWOOD

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CITY OF GREENWOOD
FEDERAL FINDING

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)



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.

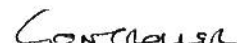
Description of Corrective Action Plan:

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.

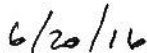
Anticipated Completion Date: November 2016



(Signature)



(Title)



(Date)

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CITY OF GREENWOOD
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

The City has not properly maintained a complete inventory of capital assets owned. The following errors were noted in the City capital asset records:

- The asset records included information technology (IT) equipment that had been removed from the IT asset list four or five years prior.
- Seventeen vehicles, which were sold at auction on January 19, 2015, were included on the December 31, 2015 capital asset record.
- One hundred ninety-nine vehicle identification numbers (VIN) had been duplicated and were listed on various non-vehicle classifications in the asset record, including traffic signals, land (right of way), infrastructure (streets, sidewalks, pumps, lift station, pipes, manholes, and street lights), buildings, flag poles, furniture, street lights, surveying equipment, building (interior construction, elevator upgrades, electrical, audio/video, and building improvements), communication equipment, city fuel station, treatment plant, fencing and parking lot improvements. Two vehicles had two different VIN numbers listed for each of them.
- Construction in Progress (CIP) had not been properly added to the asset record in the current year or maintained for prior years for projects in Governmental Activities; and not been properly added in the current year for Proprietary Activities.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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EXIT CONFERENCE

The contents of this report were discussed on June 29, 2016, with Mark W. Myers, Mayor; Mike Campbell, President of the Common Council; Adam Stone, Controller; Kathie Fritz, Deputy Controller; and Krista Taggart, Attorney.