

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENSBURG

DECATUR COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

09/14/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Amy E. Borns	01-01-22 to 12-31-23
Mayor	Joshua L. Marsh	01-01-22 to 12-31-23
President of the Board of Public Works	Joshua L. Marsh	01-01-22 to 12-31-23
President Pro Tempore of the Common Council	Jamie Cain	01-01-22 to 12-31-23
Utility Office Manager	Donna M. Lecher	01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

This report is supplemental to the audit report of the City of Greensburg (City), for the period from January 1, 2022 to December 31, 2022. 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 the 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 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

August 30, 2023

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CLERK-TREASURER
CITY OF GREENSBURG

CLERK-TREASURER
CITY OF GREENSBURG
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT ERRORS

A similar comment also appeared in prior Report B60244, entitled *ANNUAL FINANCIAL REPORT ERRORS*.

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The City had not established an effective system of internal controls over the information entered into Gateway. This resulted in incorrect information being reported that did not agree with the City's records.

The federal grant information entered into Gateway included the following errors:

1. The Airport Improvement Program, COVID-19 - Airports Programs, and Infrastructure Investment and Jobs Act Programs grant expenditures were understated by \$151,185.
2. Additional grants had individually immaterial errors that misstated grant expenditures by \$23,851, in total.

Audit adjustments were proposed, accepted by the City, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report of the City.

The financial Information entered into Gateway Included the following errors:

1. The Sewer General fund receipts and ending cash and investments balance were each overstated by \$377,916.
2. The Water General fund receipts, disbursements, and ending cash and investments balance were overstated by \$382,927, \$33,952, and \$348,975, respectively.
3. The Sanitation fund receipts and ending cash and investments balance were each overstated by \$47,793.

Audit adjustments were proposed, accepted by the City, and made to the financial statement and Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented in the Financial Statement Audit Report of the City.

The capital asset information entered into Gateway was overstated in the amount of \$2,706,371. Audit adjustments were proposed, accepted by the City, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statement Audit Report of the City.

The City did not report accounts payable or accounts receivable information in Gateway, this resulted in accounts payable and receivable being understated \$234,925 and \$1,285,312, respectively. Audit adjustments were proposed, accepted by the City, and made to the Schedule of Payables and Receivables presented as Other Information in the Financial Statement Audit Report of the City.

CLERK-TREASURER
CITY OF GREENSBURG
AUDIT RESULTS AND COMMENTS
(Continued)

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:

"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. . . ."

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

A similar comment also appeared in prior Report B60244, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

Bank reconciliations were performed monthly, and reviewed by a second person; however, this did not prevent or detect the following errors:

1. Receipts of \$543,744 were incorrectly recorded in the Health Care Plan fund instead of the Self Insurance fund. The funds were accounted for in separate bank accounts, which resulted in a variance between the fund balance and the depository balance for both accounts.
2. Additionally, unidentified variances between the City's fund balances and the depository balances resulted in a cash long of \$56,840 as of December 31, 2022.

The City's bank reconciliations also contained reconciling items that dated back to previous audit periods, which indicates that reconciling items are not being corrected timely.

CLERK-TREASURER
CITY OF GREENSBURG
AUDIT RESULTS AND COMMENTS
(Continued)

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)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER
CITY OF GREENSBURG
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2023, with Amy E. Borns, Clerk-Treasurer; Joshua L. Marsh, Mayor; Donna M. Lecher, Utility Office Manager; Julie Herbert, Accounts Payable and Receivable Specialist; Rodney A. King, Board of Public Works member; and Jamie Cain, President Pro Tempore of the Common Council.