

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF TELL CITY

PERRY COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

10/04/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Connie A. Berger	01-01-22 to 12-21-23
Mayor	Chris Cail	01-01-22 to 12-31-23
President of the Board of Public Works and Safety	Chris Cail	01-01-22 to 12-31-23
President Pro Tempore of the Common Council	Gary Morton	01-01-22 to 12-31-23
Superintendent of Water Utility	Brent Badger	01-01-22 to 12-31-23
Superintendent of Wastewater Utility	Chris Toothman	01-01-22 to 12-31-23
Water/Wastewater Utility Office Manager	Janet K. Damin	01-01-22 to 12-31-23
Electric Utility General Manager	Andy Hicks	01-01-22 to 12-31-23
Electric Utility Chief Financial Officer	Paige Schank	01-01-22 to 12-31-23
Chair of the Tell City Electric Utility Board	John B. Land	01-01-22 to 12-31-23



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

TO: THE OFFICIALS OF THE CITY OF TELL CITY, PERRY COUNTY, INDIANA

This report is supplemental to the audit report of the City of Tell City (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.

Beth Kelley, CPA, CFE
Deputy State Examiner

September 25, 2023

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CLERK-TREASURER
CITY OF TELL CITY

CLERK-TREASURER
CITY OF TELL CITY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - GRANT SCHEDULE

Condition and Context

The City had not established an effective system of internal controls over the federal award information entered in the Grant Schedule in the Indiana Gateway for Government Units (Gateway) financial reporting system. Due to the lack of internal controls, the grant information entered into Gateway had the following errors:

- The Highway Planning and Construction Cluster was omitted, which understated expenditures by \$272,146.
- The Economic Development Cluster expenditures were understated by \$257,083.
- The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds expenditures were overstated by \$817,104.
- Four grants had individually immaterial errors that resulted in misstatements of expenditures of \$27,281 in total.
- Other errors included five incorrect program titles, two incorrect assistance listing numbers, and three incorrect pass-through entity identifying numbers.

Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the SEFA presented in this report.

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.

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

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 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](#)."

ANNUAL FINANCIAL REPORT - SCHEDULE OF CAPITAL ASSETS

Condition and Context

Other information is required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital asset information entered into Gateway included material errors when compared to the City's detailed listing of capital assets. Total capital assets were overstated on Gateway by \$2,143,606.

Audit adjustments were proposed, accepted by the Clerk-Treasurer, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statement Audit Report.

Criteria

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](#)."



Connie Berger, Clerk-Treasurer

P.O. Box 515 | Tell City, IN 47586 | Phone: 812-547-2349 | Fax: 812-548-4048

October 2, 2023

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204-2765

“Official Response”

I, Connie A. Berger, Clerk-Treasurer for the City of Tell City, would like to file an official response to the examination period of January 1, 2022 to December 31, 2022. This response is on the Schedule of Capital Assets.

In August of 2022, an employee that worked part-time for the Clerk-Treasurers office and part-time for the Utilities office moved to full-time in the Utilities office. She is the employee that entered all assets into the computer programs for the city and the utility office. In January of this year, it was discovered that the City assets were no longer in the computer. We worked with our IT Company along with Keystone and the assets could not be found. Keystone felt the problem was that when the City purchased the asset program it was for the Utilities only and the City had been piggybacking from the program. At that time, I immediately contacted Keystone about purchasing the program at a cost of \$5,011.00. Once I got the funding in place, I purchased the program and scheduled training. The training was conducted in May, and after this the Deputy Clerk-Treasurer started entering the information into the asset program, along with doing her normal job in the office. In fact, she had just finished when the State Board of Accounts came to do the audit.

I believe that Tell City should not been given a finding on the Schedule of Capital Assets for the year 2022, because of the above explanation.

Sincerely,

Connie A. Berger
Clerk-Treasurer, City of Tell City

CLERK-TREASURER
CITY OF TELL CITY
EXIT CONFERENCE

The contents of this report were discussed on September 25, 2023, with Connie A. Berger, Clerk-Treasurer; Chris Cail, Mayor; and Larry K. Kleeman, Common Council member.