

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

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

COMPLIANCE EXAMINATION REPORT

OF

CITY OF RUSHVILLE

RUSH COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

02/10/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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February 10, 2025

To: The Officials of the City of Rushville
City of Rushville
Rush County, Indiana

This report is supplemental to the audit report of the City of Rushville (City), for the period from January 1, 2023 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the City. It should be read in conjunction with the financial statement audit report of the City, which provides an opinion on the City's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the City and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of City of Rushville prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

CITY OF RUSHVILLE

Rush County, Indiana
January 1, 2023 through December 31, 2023

CONTENTS

SCHEDULE OF OFFICIALS 1

INDEPENDENT ACCOUNTANT'S REPORT 2

SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:

 2023-001: ANNUAL FINANCIAL REPORTS 3

 2023-002: MISSING GATEWAY UPLOADS 4

EXIT CONFERENCE 5

CITY OF RUSHVILLE
SCHEDULE OF OFFICIALS
January 1, 2023 through December 31, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ann L. Copley	01-01-23 to 12-31-23
Mayor	Michael P. Pavey	01-01-23 to 12-31-23
President of the Board of Public Works	Michael P. Pavey	01-01-23 to 12-31-23
President Pro Tempore of the Common Council	Bradley Berkemeir	01-01-23 to 12-31-23
Utility Office Manager	Gina Jenkins	01-01-23 to 10-15-23
Utility Office Manager	Kyla Shaver	10-16-23 to 12-31-23

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of the City of Rushville

We have examined the City of Rushville (the "City") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns* during the period January 1, 2023 through December 31, 2023. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns* applicable to the City during the period January 1, 2023 through December 31, 2023, as described in items 2023-001 and 2023-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the City complied, in all material respects, with the aforementioned requirements during the period January 1, 2023 through December 31, 2023.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
December 4, 2024

CITY OF RUSHVILLE
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2023 through December 31, 2023

FINDING 2023-001: ANNUAL FINANCIAL REPORTS

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."

Condition: 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 City did not report transfers on the correct line item of the AFR. An adjustment of \$725,624 was made to reclassify the transfer to the Other Receipts.

(Continued)

CITY OF RUSHVILLE
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2023 through December 31, 2023

FINDING 2023-002: MISSING GATEWAY UPLOADS

Criteria: The Indiana State Board of Accounts (SBOA) Directive 2018-1 states in part, " Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, Districts, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. The Directive was amended with additional required uploads effective December 31, 2023.

The following files and governmental unit information are required to be uploaded monthly by all units:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually by all units:

- Year-end investment statements and register of investments
- Excel Data Capture/ Data Dump
- Detail of Receipts by fund and account
- Detail of Disbursements by fund and account
- Current year Salary ordinance (or Schedule) and Amendments (except Schools)
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Accounts Payable/ Accounts Receivable Schedule support
- Direct Federal Grant Agreements/Award Letters and Amendments initiated during the year
- Agreements for Subawards made to Subrecipients for all Federal Grants initiated during the year
- Personnel Policy (to be uploaded in 2023 and in future years if updated)

Condition: During testing, we noted the City did not upload excel data capture, Court Trust Fund Subsidiary Ledger, and Agreements for subawards.

CITY OF RUSHVILLE
EXIT CONFERENCE
January 1, 2023 through December 31, 2023

The contents of this report were discussed on September 26, 2024, with Ann L. Copley, Clerk-Treasurer, and Brad Berkemeier, Common Council member.