

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF CRANE

MARTIN COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
07/02/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Town Council	Dave Johnson	01-01-19 to 01-26-20
	(Vacant)	01-27-20 to 03-01-20
	Ronald Barker	03-02-20 to 11-04-22
	Charles J. Parcels	11-05-22 to 12-31-24
Clerk-Treasurer	Linda Willoughby	01-01-19 to 10-29-22
	(Vacant)	10-30-22 to 12-29-22
	Roy Vaught	12-30-22 to 01-13-23
	(Vacant)	01-14-23 to 01-23-23
	Wanda Vaught	01-24-23 to 07-24-23
Ashley Clark	07-25-23 to 12-31-24	



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF CRANE, MARTIN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Crane (Town), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials is informational only. The Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis have not been included in this report due to the issues detailed in the Comments below.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Ashley Clark, Clerk-Treasurer; Charles J. Parcels, President of the Town Council; Jeff Clark, Town Council member; and Robert Gallager, Town Council member, on June 25, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 3, 2024

TOWN OF CRANE
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure that the Town complied with laws and regulations. Internal control deficiencies resulted in noncompliance over the following areas and are detailed further in the comments below:

- Bank Account Reconciliations
- Condition of Records
- Payroll
- Cash Disbursements
- Utility Billings
- Errors on Claims
- Disposition of Land
- Official Bond
- Monthly and Annual Uploads
- Prescribed Forms
- Annual Financial Report - Other Information
- Annual Financial Report Filed after Due Date
- Certified Report Filed after Due Date
- Training on Internal Control Standards
- Certification on Internal Control Standards
- Capital Assets
- Customer Deposit Register

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. . . ."

TOWN OF CRANE
COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

The same comment appeared in prior Reports B40275, B49377, and B54798.

Condition and Context

The Town did not perform bank account reconciliations during the engagement period. Based on limited procedures performed to recreate the reconciliations at December 31 of each year of the engagement period, variances ranged from \$27,582 cash short to \$2,028 cash long.

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)

CONDITION OF RECORDS

A similar comment appeared in prior Reports B40275, B49377, and B54798, entitled *CONDITION OF RECORDS*.

Condition and Context

The financial information presented was incomplete and not reflective of the activity of the Town. The following errors were noted:

- Ledgers for 2019 and 2020 were not presented. Therefore, transactions could not be verified for 2019 and 2020.
- In 2023, the Town received LIT distributions in the amount of \$68,484, but they only posted \$66,546. The amount posted was incorrectly posted evenly to the General, LOIT Special Distribution, LIT - Public Safety, and LIT EDIT funds.
- Utility collections were evenly split between the utilities when posted to the ledger instead of being posted for the amount collected for each utility in 2023.
- Town receipts were not available for January 2020 through September 2021.
- Utility Billing Information:
 - Municipal Utilities Receipt (approved for Town of Crane 1965) were not presented for examination for the fiscal years 2019, 2020, and 2021. This form was used to calculate the monthly utility bills. Therefore, utility billing could not be verified for these years.
 - Computerized penalty reports were not presented for August 2023 through December 2023.

TOWN OF CRANE
COMMENTS
(Continued)

- Meter books were not presented for 2019 and 2020.
- The Town's records were not reconciled to the W-2 Wage and Tax Statements for 2022 and 2023.

Due to the condition of records and lack of bank reconciliations, we could not determine that the balance of individual funds on the Town's ledger were accurate. Therefore, the Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis will not be included as part of this report.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

PAYROLL

Condition and Context

The following errors were noted related to the review of payroll:

Salary of Elected Officials

The Salary Ordinance adopted on October 9, 2023, was put in effect immediately and increased the salary of the Clerk-Treasurer and each Town Council member during 2023.

TOWN OF CRANE
COMMENTS
(Continued)

Advance Payments

- On June 30, 2023, total compensation of \$8,530 to six employees was made 5 days in advance, covering the period of June 5 to July 5, 2023.
- On December 15, 2023, total compensation of \$13,845 to ten employees was made 17 days in advance, covering the period of December 1, 2023 to January 1, 2024.

Supporting Documentation

- Payroll records were not presented for review. Payroll documentation should be maintained to support the calculation of compensation and benefits including, but not limited to, attendance/time records for salaried and hourly employees; appropriate reports for withholdings of federal, state, and local taxes; employee service records; other voluntary withholdings documents; payroll voucher/claim documents; and EFT documentation or canceled checks.
- The Town hired a CPA firm to prepare federal and state reports. While the Town provided relative information to the CPA firm to prepare and file accordingly, copies were not maintained by the Town and had to be obtained from the CPA firm for the following federal and state filings:
 - Form 941, Employer's Quarterly Federal Tax Return
 - Form W-3, Transmittal of Wage and Tax Statements
 - Form W-2, Wage and Tax Statement
 - Federal income tax withholdings, Social Security, and Medicare tax deposits
 - Form WH-1 State Income and County Withholding Tax
 - Form WH-3 State Annual Withholding Reconciliation Form
 - State Utility Sales Tax

Record of Hours Worked

- Out of 66 individual paychecks, 14 paychecks were disbursed to four employees without documentation of hours worked. These nonexempt employees were compensated at an hourly rate for hours worked. The following prescribed forms were not maintained:
 - General Form 99A - Employee's Service Record
 - General Form 99B - Employee's Earning Record
 - General Form 99C - Employee's Weekly Earning Record
- Out of 66 individual paychecks, 27 were disbursed to five employees without documentation of the hours worked for each specific task performed. These nonexempt employees were compensated at a predetermined rate for a specific task performed. The specific task-performed included either water meter reader; electric meter reader; water sample testing; or customer meter disconnect or connect.

Posting Errors

- Payroll was posted to the funds as the net amount instead of the gross amount for 2023.
- Payroll was not posted to the funds as designated by the salary ordinances in 2023.

TOWN OF CRANE
COMMENTS
(Continued)

Criteria

Indiana Code 36-5-3-2(c) states: "The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year."

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

TOWN OF CRANE
COMMENTS
(Continued)

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CASH DISBURSEMENTS

Condition and Context

In 2022, 2 cash withdrawals were made from the financial institution totaling \$175. In 2023, 12 cash withdrawals were made from the financial institutions totaling \$1,670. Supporting documentation was not presented to verify that disbursements pertained to the Town or utilities.

Criteria

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

UTILITY BILLINGS

Condition and Context

The following errors were noted during the utility billing test:

- *Rate Ordinance*

The Town implemented a computerized software system for utility billing in August 2023. The usage parameters for the Water and Wastewater Utilities were not entered as 1,000 gallons to 8,000 gallons increments as stated in Ordinance 2008-4.

- *Penalties*

Of the ten utility customers tested, four did not have penalties assessed for late payments.

TOWN OF CRANE
COMMENTS
(Continued)

- *Sales Tax*

When the Town implemented a computerized software system for utility billing in August 2023, the initial implementation was not set up properly and Electric Utility customers were not assessed sales tax. The Electric Utility paid the sales tax based on usage to the Indiana Department of Revenue. Due to the condition of the records, the amount of sales tax paid on behalf of the Electric Utility could not be determined. This was corrected in 2024.

- *Adjustments*

Four of the ten utility bills tested included adjustments to the amounts charged. No supporting documentation was presented for the adjustments, and the adjustments were not approved by the Town Council. The Town does not have a policy for procedures relating to bad debt, uncollectible accounts, and adjustments.

- *Deposit of Accountable Items*

Deposit tickets were not available for most of the engagement period. Therefore, specific receipts could not be verified to the corresponding deposits nor could the composition of the respective deposit be verified.

Daily collection reports were not available starting in August 2023 when the Town implemented the computerized software for utility billing.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

The governing body of a unit must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balance. Documentation must exist for all efforts made by the unit to collect amounts owed prior to any write-offs. Write-offs or adjustments to records which are not documented or warranted may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the unit. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF CRANE
COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ERRORS ON CLAIMS

Condition and Context

The test of claims contained the following errors:

- Vendor claims could not be located for the majority of disbursements made from January 2019 through May 2022, including 18 of 27 claims selected for testing during that period. Therefore, the validity of disbursements for that time period could not be verified. In addition, following attributes were not met:
 - Adequate supporting documentation.
 - Approved by the officer or person receiving the goods or services,
 - Filed with the governmental entity's fiscal officer.
 - Fiscal officer certified before payment that the invoice was true and correct.
 - Cancelled checks could not be traced to the Accounts Payable Voucher.
 - Disbursement was authorized by the enabling law, ordinance/resolution or grant agreement.
- There were 19 of the 27 claims tested that were not approved by the Town Council. The Accounts Payable Voucher Registers were available for January 2019 through May 2022 but were not signed by the Town Council indicating approval.
- Out of 27 claims for 2019 and 2020, 11 could not be tested for the following attributes since the ledgers were not available:
 - Posted to the accounting records timely.
 - Posted to the proper fund per statute or guidelines.
- In March 2023, 1 claim paid included an additional \$1,000 that did not have any supporting documentation.
- Out of the 14 payroll disbursement claims tested, 4 were not certified by Clerk-Treasurer. The 4 claims were all during 2023.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless all of the following apply:

- (1) There is a fully itemized invoice or bill for the claim;

TOWN OF CRANE
COMMENTS
(Continued)

- (2) The invoice or bill is approved by the officer or person receiving the goods and services;
- (3) The invoice or bill is filed with the governmental entity's fiscal officer;
- (4) The fiscal officer audits and certifies before payment that the invoice or bill is true and correct.
- (5) Payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

DISPOSITION OF LAND

Condition and Context

In September 2023, the Town Council approved the transfer of three parcels of land in exchange for services provided at the Town park as follows:

- One parcel was exchanged for a concrete pad.
- One parcel was exchanged for a car port to be put on the concrete pad.
- One parcel (six-acres) was exchanged for a full-sized basketball court.

Indiana Code does not allow for the exchange of the Town's land to be for anything other than cash and, in some instances, land.

There are certain requirements for the sale of land which were not met as follows:

- The Town does not have a purchasing policy.
- Two property appraisals were not presented for audit.
- The advertisement for the sale of the three parcels was not presented for examination.
- The Town Council minutes did not detail all bids received. Only the winning bids were stated in the Town Council minutes.

One half of an additional parcel was advertised and sold, but when the property transfer was completed, the full parcel was transferred in error.

TOWN OF CRANE
COMMENTS
(Continued)

Criteria

Indiana Code 5-22-6-1 states: "The purchasing agency of a governmental body may purchase services using any procedure the governmental body or the purchasing agency of the governmental body considers appropriate."

Indiana Code 5-22-6-2 states:

"(a) A governmental body may adopt rules governing the purchase of services for the governmental body.

(b) The purchasing agency of a governmental body may establish policies regarding the purchase of services for the governmental body."

Indiana Code 36-1-11-4 states in part:

". . . (b) The disposing agent shall first have the property appraised by two (2) appraisers . . .

(c) After the property is appraised, the disposing agent shall determine a minimum bid for the property based on the appraisals and the disposing agent's knowledge of the property, publish a notice in accordance with [IC 5-3-1](#) setting forth the terms and conditions of the sale, including the minimum bid, . . .

(d) A bid must be open to public inspection. A bidder may raise the bidder's bid, . . ."

OFFICIAL BOND

Condition and Context

The individuals that held the position of Clerk-Treasurer during 2023 through 2024 did not obtain an individual surety bond for each year that the individual served as Clerk-Treasurer.

Criteria

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsections (b), (c), and (d), the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges, town controllers, and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

TOWN OF CRANE
COMMENTS
(Continued)

(7) Individuals:

(A) who are employees or contractors of a city, town, county, or township; and

(B) whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds:

(i) that belong to the federal government, the state, a political subdivision, or another governmental entity; and

(ii) in an amount that exceeds five thousand dollars (\$5,000) per year.

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond that:

(1) is endorsed to include faithful performance to cover the faithful performance of; and

(2) includes aggregate coverage sufficient to provide coverage amounts specified for;

all employees, commission members, and persons acting on behalf of the local government unit, including the officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter.

(c) The fiscal body of a city, town, or county may by ordinance or the fiscal body of a township may by resolution authorize the purchase of a name or position schedule bond that:

(1) names each individual or each position covered under the schedule bond;

(2) is endorsed to include faithful performance to cover the faithful performance of all officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter; and

(3) includes aggregate coverage sufficient to provide coverage amounts specified for all officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter.

(d) The fiscal body of a city, town, county, or township may by ordinance (or for a township, by resolution) authorize the purchase of a crime insurance policy that:

(1) provides coverage for criminal acts or omissions committed by;

(2) is endorsed to include faithful performance to cover the faithful performance of; and

(3) includes aggregate coverage sufficient to provide coverage amounts specified for;

all officers, employees, contractors, commission members, and persons acting on behalf of the local government unit and required to file a bond under this chapter. For the sole purpose of recovering public funds on behalf of a local government unit, the state is considered to be an additional named insured on all crime insurance policies and endorsements obtained under this subsection.

TOWN OF CRANE
COMMENTS
(Continued)

(e) Except as provided in subsections (k) and (l), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county.

(f) The amount of the bond of a person who is not specified in subsection (e) and is required to file an individual bond shall be fixed by the fiscal body of the unit as follows:

- (1) If the person is not described in subsection (a)(7), at not less than fifteen thousand dollars (\$15,000).
- (2) If the person is described in subsection (a)(7), at not less than five thousand dollars (\$5,000).

(g) Except as provided in subsection (m), a controller of a solid waste management district established under [IC 13-21](#) or [IC 13-9.5](#) (before its repeal) shall file an individual surety bond in an amount:

- (1) fixed by the board of directors of the solid waste management district; and
- (2) that is at least thirty thousand dollars (\$30,000).

(h) Except as provided under subsection (g), a person who is required to file an individual surety bond by the board of directors of a solid waste management district established under [IC 13-21](#) or [IC 13-9.5](#) (before its repeal) shall file a bond in an amount fixed by the board of directors. . . ."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The Town did not upload into the Indiana Gateway for Government Units (Gateway) financial reporting system any of the required monthly files for 2019 through 2022.

In 2023, the Town did not upload the following files and government unit information that are required to be uploaded monthly:

- Bank reconcilements, bank statements, and outstanding check lists were not uploaded for 1 out of 12 months. However, the documents that were uploaded were not complete and did not contain the required information for each bank account.
- Approved Town Council minutes for 1 month.
- Funds ledger for all 12 months.

TOWN OF CRANE
COMMENTS
(Continued)

The Town did not upload into Gateway any of the required annual files for 2019 through 2023.

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

- Bank reconcilements.
- Bank Statements (effective for the required upload beginning with December 2020 information).
- Outstanding Check Lists (effective for the required upload beginning with December 2020 information).
- Approved Town Council minutes.
- Funds ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund (beginning and ending balances effective for the required uploads beginning with December 2020 information).

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

- Year-end bank statement (no longer required after 2019 annual uploads).
- Year-end outstanding check list (no longer required after 2019 annual uploads).
- Year-end investment statements.
- Detail of receipts for the year.
- Detail of disbursements for the year.
- Current year salary ordinance (and Amendments effective beginning with annual uploads of 2020 information).
- Annual vendor history report.
- Annual employee earnings record/payroll history report without social security numbers (unless only hand posted records exist).
- Annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund (effective beginning with 2020 information).

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, 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. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the 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. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF CRANE
COMMENTS
(Continued)

PRESCRIBED FORMS

Condition and Context

The following prescribed forms were either not in use, not presented for review, or not used in the prescribed manner:

- Payroll Schedule and Voucher (General Form No. 99)
- Employee's Service Record (General Form No. 99A)
- Receipt (General Form No. 352)
- Guarantee Deposit Receipt (Utility Form 310)

Criteria

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The following information was inaccurate.

Accounts Payable/Accounts Receivable

The Town did not report accounts payable or accounts receivable in 2022. In 2023, it only reported accounts receivable without supporting documentation.

Debt Schedule

The ending balance was overstated by \$4,810 for 2019.

The principal and interest due in the subsequent year was:

- Understated by \$5,794 in 2019.
- Overstated by \$14,299 in 2021.

Capital Asset Schedule

A detailed listing of capital assets was not maintained in 2019, 2020, and 2021. Therefore, the amounts reported as capital assets for those years could not be verified. Starting in 2022, the Town had a detailed capital asset listing and reported capital assets accurately.

Grants Schedule

Federal grants in the amount of \$20,207 and \$20,360 were not reported for 2021 and 2022, respectively.

TOWN OF CRANE
COMMENTS
(Continued)

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 as set forth in the uniform compliance guidelines. 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 FILED AFTER DUE DATE

Condition and Context

The Annual Financial Report was filed late in 2022 and 2023. The submission was past the due date by 13 days for 2022 and 6 days for 2023.

Criteria

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CERTIFIED REPORT FILED AFTER DUE DATE

Condition and Context

The Certified Report (100R) was filed 15 days after the due date for 2022 and 63 days after the due date for 2023.

Criteria

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

TOWN OF CRANE
COMMENTS
(Continued)

TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town did not ensure that all applicable personnel had received training concerning the internal control standards.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Clerk-Treasurer incorrectly certified in the Indiana Gateway for Government Units financial reporting system that Town personnel had received training regarding internal control standards for 2020, 2021, 2022, and 2023.

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 as set forth in the uniform compliance guidelines. 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](#)."

CAPITAL ASSETS

Condition and Context

The Town has a capital assets policy, but it has not been approved by the Town Council. The Town has a detailed capital asset listing of all capital assets owned, which was based on the unapproved capital asset policy.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF CRANE
COMMENTS
(Continued)

CUSTOMER DEPOSIT REGISTER

A similar comment appeared in prior Reports B40275 and B49377, and a Noncompliance Management Letter addressed to the Officials of the Town for the review period ending December 31, 2018, entitled *CUSTOMER DEPOSIT REGISTER*.

Condition and Context

The detailed customer deposit registers do not reconcile with the customer deposit amounts recorded on the general ledger as of December 31, 2023, as follows:

	Electric	Water	Wastewater	Trash
Customer deposit register balance	\$ 44,440	\$ 9,309	\$ 10,114	\$ 175
Ledger balance	44,497	14,320	14,147	-
Variance	\$ (57)	\$ (5,011)	\$ (4,033)	\$ 175

Criteria

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)