

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

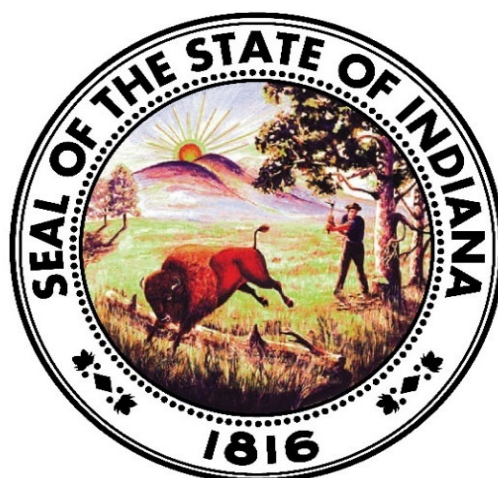
COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF CRANDALL

HARRISON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
08/20/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-8
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	10-11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Debra L. Jones (acting)	01-01-20 to 05-31-24
	Stephanie Bond	06-01-24 to 07-15-24
	Debra L. Jones (acting)	07-16-24 to 12-31-24
Ex Officio Clerk-Treasurer	Susan Wohlfarth	01-01-20 to 04-01-22
	(Vacant)	04-02-22 to 04-07-22
	Jeremy Bond	04-08-22 to 05-31-24
	Jeremy Bond	07-16-24 to 09-01-24
	Caitlin Rothrock	09-02-24 to 12-31-24
President of the Town Council	Melvin E. Hood	01-01-20 to 12-31-21
	Jeremy Bond	01-01-22 to 09-01-24
	Caitlin Rothrock	09-02-24 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 CRANDALL, HARRISON 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 Crandall (Town), for the period of January 1, 2020 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 and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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 Caitlin Rothrock, Town Council member, and Debra L. Jones, acting Clerk-Treasurer, on August 6, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

July 15, 2024

TOWN OF CRANDALL
COMMENTS

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Report B55469, entitled *TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

Condition and Context

Internal controls were not in place to ensure compliance over the certifications on internal control standards. No documentation was presented to document Town Council members had received training concerning the internal control standards, as required by statute. Additionally, the Clerk-Treasurer incorrectly certified that the Town had provided training to Town personnel concerning internal control standards when submitting the Town's Annual Financial Report for each year of the engagement period.

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](#)."

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

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

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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 CRANDALL
COMMENTS
(Continued)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUNDS NOT RECEIPTED PROPERLY

Condition and Context

Internal controls were not in place to ensure the Motor Vehicle Highway (MVH) distributions from the state were accounted for properly. For the years 2022 and 2023, MVH distributions from the State of Indiana were prorated 50 percent to the MVH fund and 50 percent to the MVH Restricted fund, although the Town did not always post the prorated distributions to the correct fund. There were multiple instances noted of both the Motor Vehicle Highway - Restricted and Motor Vehicle Highway portions posted to the Motor Vehicle Highway fund.

Criteria

Indiana Code 8-14-1-5(c) states: "Except as provided in subsection (d), for funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

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:

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ADVANCE PAYMENTS

Condition and Context

Internal controls were not in place to ensure salaries were not paid in advance. The Town Council members were salaried employees per the approved Salary Ordinances for each year of the engagement period. Payment of approved salaries were paid in equal installments in June and November each year. Payroll was processed prior to year end, meaning that all salaried Town Council members were paid in advance.

TOWN OF CRANDALL
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:

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Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

FUND SOURCES AND USES

Condition and Context

Internal controls were not in place to ensure the Town was properly recording receipts. During the review of receipts, it was noted several instances of receipts posted to incorrect funds. The following monies were posted incorrectly.

- For 2021, the Town received state grant funds through the Community Crossings program. The Town recorded the grant receipts to the General fund and did not create a dedicated fund for grant monies.
- During 2022 and 2023, several instances were identified in which Motor Vehicle Highway, Motor Vehicle Highway Restricted, and Local Road and Street funds were recorded to the incorrect fund.
- The Town did not create a LIT Public Safety fund and all LIT Public Safety distributions were recorded to the LIT Co. Economic Development (formerly CEDIT) fund during the engagement period.

TOWN OF CRANDALL
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:

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An integral part of the control activity component is segregation of duties. . . .

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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)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

TOWN OF CRANDALL
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-20	Receipts	Disbursements	12-31-20	Receipts	Disbursements	
General	\$ 19,499	\$ 12,625	\$ 14,901	\$ 17,223	\$ 103,435	\$ 108,777	\$ 11,881
Motor Vehicle Highway Restricted	8,371	2,885	-	11,256	3,188	13,152	1,292
Loit Special Distribution Fund	191	-	-	191	-	-	191
Cumulative Capital Improvement Cigarette Tax	4,078	330	-	4,408	312	-	4,720
ARPA Fund	-	-	-	-	17,046	-	17,046
Motor Vehicle Highway	41,796	2,885	1,925	42,756	3,188	23,282	22,662
Rainy Day	651	-	-	651	-	-	651
Riverboat	381,459	35,173	26,236	390,396	42,987	22,246	411,137
Local Road and Street	19,845	2,092	3,713	18,224	2,317	1,979	18,562
LIT Co. Economic Development (formerly CEDIT)	9,466	968	-	10,434	956	-	11,390
Totals	<u>\$ 485,356</u>	<u>\$ 56,958</u>	<u>\$ 46,775</u>	<u>\$ 495,539</u>	<u>\$ 173,429</u>	<u>\$ 169,436</u>	<u>\$ 499,532</u>

TOWN OF CRANDALL
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-22	Receipts	Disbursements	12-31-22	Receipts	Disbursements	12-31-23
General	\$ 11,880	\$ 12,928	\$ 16,370	\$ 8,438	\$ 14,410	\$ 8,440	\$ 14,408
Motor Vehicle Highway	22,662	3,544	2,625	23,581	3,667	3,529	23,719
Local Road and Street	18,562	2,125	-	20,687	1,578	-	22,265
Motor Vehicle Highway Restricted	1,293	2,592	-	3,885	2,828	-	6,713
Riverboat	411,137	44,571	35,843	419,865	40,389	34,032	426,222
Rainy Day	651	-	-	651	-	-	651
LIT Co. Economic Development (formerly CEDIT)	11,390	1,100	-	12,490	1,003	-	13,493
Opioid RE Other State Shared Revenue	-	-	-	-	1	-	1
Cumulative Capital Improvement Cigarette Tax	4,720	243	-	4,963	243	-	5,206
Opioid UN Other State Shared Revenue	-	2	-	2	-	-	2
LOIT Special Distribution	191	-	-	191	-	-	191
ARPA Fund	17,046	17,175	-	34,221	-	-	34,221
Totals	<u>\$ 499,532</u>	<u>\$ 84,280</u>	<u>\$ 54,838</u>	<u>\$ 528,974</u>	<u>\$ 64,119</u>	<u>\$ 46,001</u>	<u>\$ 547,092</u>