

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BROWNSBURG

HENDRICKS COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
08/22/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Internal Controls	6
Annual Financial Report.....	7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ann Hathaway	01-01-23 to 12-31-24
President of the Town Council	Travis Tschaenn	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF BROWNSBURG, HENDRICKS COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Brownsburg (Town), 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 Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statement Audit Report of the Town, which provides our opinions on the Town'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

August 12, 2024

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CLERK-TREASURER
TOWN OF BROWNSBURG

CLERK-TREASURER
TOWN OF BROWNSBURG
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

Although the Town had established internal control standards, not all these standards were effective in preventing, or detecting and correcting, material misstatements. In addition, there was one area that was found to not have a documented internal control developed. As a result, there were deficiencies in the internal control system of the Town related to the following areas:

Financial Close and Reporting

The Town did not have a proper system of internal controls in place to ensure transactions in the records were accurately reported in the Indiana Gateway for Government Units financial reporting system, which is the source of the Annual Financial Report and financial statements. While there was a documented review and approval process in place, the internal controls did not prevent, or detect and correct, misstatements in the below comment, entitled *ANNUAL FINANCIAL REPORT*.

Disbursements

The Town did not have a documented internal control over the review of the Anthem weekly claims submitted to be paid before they were processed for payment. There was no documented evidence presented for the audit that someone was reviewing the claims list to verify that all claims were for an employee or a dependent covered by an employee's plan.

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. . . ."

CLERK-TREASURER
TOWN OF BROWNSBURG
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

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 Town had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Financial Close and Reporting

- Payroll Withholding fund receipts and disbursements were each understated by \$3,612,737.
- Other immaterial errors, including disbursements for the Self-Insurance fund being understated, caused an overstatement of the ending cash and investment balance of the fund of \$169,164.

Debt and Leases Schedule

- An error in reporting a debt for a Grant Purchase Agreement for F&C twice, causing the ending principal balance to be overstated by \$6,960,000 and the principal due in 2024 to be overstated by \$25,000.
- An error of omission of the Waterworks Bonds 2023 caused the ending principal balance to be understated by \$6,000,000 and the principal due in 2024 to be understated by \$8,000.

Schedule of Expenditures of Federal Awards

- 66.468 Drinking Water SRF grant expenditures were omitted for the SRF Water Bonds Loan in the amount of \$122,504.

Adjustments were proposed, accepted by the Town, and made to the entries reported in Gateway.

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](#)."

CLERK-TREASURER
TOWN OF BROWNSBURG
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2024, with Ann Hathaway, Clerk-Treasurer; Travis Tschaenn, President of the Town Council; and Debbie Cook, Town Manager.