

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENCASTLE

PUTNAM COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/09/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lynda R. Dunbar Mikayla Johnson	01-01-23 to 12-31-23 01-01-24 to 12-31-24
Mayor	William A. Dory, Jr. Lynda R. Dunbar	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the Board of Public Works	William A. Dory, Jr. Lynda R. Dunbar	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President Pro Tempore of the Common Council	Mark N. Hammer Stacie Langdon	01-01-23 to 12-31-23 01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GREENCASTLE, PUTNAM COUNTY, INDIANA

This report is supplemental to the audit report of the City of Greencastle (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 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

August 20, 2024

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CLERK-TREASURER
CITY OF GREENCASTLE

CLERK-TREASURER
CITY OF GREENCASTLE
AUDIT RESULTS AND COMMENTS

MONTHLY AND ANNUAL UPLOADS

This same comment appeared in prior Report B60323.

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include bank reconciliements, bank statements and outstanding check lists, approved Common Council minutes, and fund ledger with total receipts, disbursements, and beginning and ending balances by fund.

Required annual uploads are year-end investment statement, the detail of receipts for the year, detail of disbursements for the year, current year Salary Ordinance, Annual Vendor History Report, Annual Payroll History Report, and Annual Funds Ledger.

The City did not comply with the Amended State Examiner Directive 2018-1. None of the required files were uploaded on the Indiana Gateway for Government Units financial reporting system.

Criteria

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)

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The City had not established an effective system of internal controls over the AFR information entered into Gateway. The Clerk-Treasurer prepared the AFR, and another person reviewed the AFR prior to submission. However, the capital asset information entered into Gateway contained the following errors:

Assets

The asset information submitted to Gateway for 2023 was not accurate. The City omitted fully-depreciated assets from the schedule. This resulted in the following understatements:

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

Governmental Activities:	
Infrastructure	\$ 54,139,154
Buildings	409,790
Improvements Other than Buildings	1,088,814
Machinery, Equipment, and Vehicles	5,061,687
Wastewater:	
Infrastructure	1,479,537
Machinery, Equipment, and Vehicles	440,873
Water:	
Infrastructure	241,252
Machinery, Equipment, and Vehicles	198,804

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

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](#)."

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
CITY OF GREENCASTLE
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

Due to lack of internal controls, the City did not properly maintain a detailed listing of capital assets. Of the ten assets tested during the audit, two assets with a total acquisition price of \$50,783 were not properly removed from the listing as of December 31, 2023, despite being disposed of in 2023. Further, the City did not complete a physical inventory of capital assets every two years.

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)

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Due to lack of internal controls, the City did not perform monthly reconciliations for 2023 timely. Bank reconciliations were not performed until April 2024 for January to May 2023, and June 2023 to November 2023 were not performed until June 2024. The December 2023 bank reconciliation was not performed until July 2024.

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."

FUND SOURCES AND USES - TRANSFERS

Condition and Context

The City was not in compliance with the laws and regulations related to transfers. Two of three transfers tested were made without ordinance/resolution and were not approved by the governing board. The transfers were from the Motor Vehicle Highway (MVH) fund to the Motor Vehicle Highway Restricted fund and Local Road and Bridge fund for \$113,550 and \$261,351, respectively.

Criteria

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)

CLERK-TREASURER
CITY OF GREENCASTLE
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2024, with Mikayla Johnson, Clerk-Treasurer; Lynda R. Dunbar, Mayor; Stacie Langdon, President Pro Tempore of the Common Council; and David Masten, Common Council member.