

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

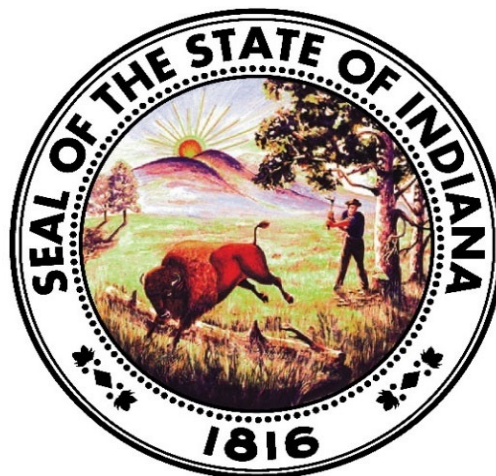
SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GARRETT

DEKALB COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
12/02/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marcie Conkle	01-01-23 to 12-31-24
Mayor	Todd Fiandt	01-01-23 to 12-31-24
President of the Board of Public Works and Safety	Todd Fiandt	01-01-23 to 12-31-24
President Pro Tempore of the Common Council	Todd Sattison (Vacant)	01-01-23 to 11-05-24 11-06-24 to 11-07-24



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769  
Telephone: (317) 232-2513  
Fax: (317) 232-4711  
[www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE CITY OF GARRETT, DEKALB COUNTY, INDIANA

This report is supplemental to the audit report of the City of Garrett (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/](http://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

November 7, 2024

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CLERK-TREASURER  
CITY OF GARRETT

CLERK-TREASURER  
CITY OF GARRETT  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

The following areas did not have proper internal controls in place to ensure compliance with Indiana laws, regulations, and Guidelines:

- Annual Financial Report
- Stale Dated Outstanding Checks
- Capital Assets
- Monthly and Annual Uploads

These internal control deficiencies are further detailed in the comments below.

*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. . . ."

**ANNUAL FINANCIAL REPORT**

A similar comment also appeared in prior Reports B53690 and B60353, entitled *ANNUAL FINANCIAL REPORT - SUPPLEMENTARY SCHEDULES*; and 000001554S entitled, *ANNUAL FINANCIAL REPORT - OTHER INFORMATION*.

*Condition and Context*

*Schedule of Expenditures of Federal Awards*

The City did not timely complete the federal grant schedule portion of the 2023 Annual Financial Report in the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the Schedule of Expenditures of Federal Awards (SEFA). It is important that all federal grant receipts and disbursements be reported in Gateway to ensure the proper type of engagement the City is required to have performed.

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

Since the City did not expend federal dollars during the audit period that exceeded the threshold for a federal audit, a SEFA will not be presented in a separate compliance report.

*Other Information - Schedule of Capital Assets*

Capital asset information entered into Gateway could not be verified due to lack of supporting documentation for the amounts reported. The City has chosen to omit the Schedule of Capital Assets from the Financial Statement Audit Report for 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](#)."

**CAPITAL ASSETS**

A similar comment also appeared in prior Reports B60353 and B53690, entitled *ANNUAL FINANCIAL REPORT - SUPPLEMENTARY SCHEDULES*; and 000001554S, entitled *CAPITAL ASSETS*.

*Condition and Context*

The City had a capital assets policy that detailed the threshold at which an item is considered a capital asset. However, the City did not properly maintain a complete detailed listing of all capital assets owned which reflects their acquisition value. In addition, the City did not complete a physical inventory at least every two years, as required.

*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)

**STALE DATED OUTSTANDING CHECKS (WARRANTS)**

A similar comment also appeared in prior Report 000001554S, entitled *STALE DATED OUTSTANDING CHECKS (WARRANTS)*.

*Condition and Context*

At December 31, 2023, the City's outstanding check list contained stale dated checks ranging from January 2013 to December 2020 in the amount of \$27,616. Any check written before January 1, 2021, should be voided and receipted in on or before March 1, 2023.

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CITY OF GARRETT  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision. However, in the case of a school corporation, the warrant or check shall be receipted into the operations fund."

## **MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The City did not comply with the State Examiner Directive 2018-1 and did not upload all of the annual files on the Indiana Gateway for Government Units (Gateway) financial reporting system for 2023.

The following annual items are required to be uploaded to Gateway before March 1 of the subsequent year:

- Year-end Investment Statements
- Excel Data Capture/Data Dump (no longer optional)
- Detail of Receipts by fund and account (if Data Capture not available)
- Detail of Disbursements by fund and account (if Data Capture not available)

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

- Current year Salary Ordinance (or Schedule) and Amendments
- 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

*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)

CLERK-TREASURER  
CITY OF GARRETT  
EXIT CONFERENCE

The contents of this report were discussed on November 7, 2024, with Marcie Conkle, Clerk-Treasurer; Todd Fiandt, Mayor; and Bobby Diederich, Common Council member.