

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENSBURG

DECATUR COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**

11/17/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda L. Dwenger Betsy Wiley (interim) Amy E. Borns	01-01-21 to 06-01-21 06-02-21 to 06-28-21 06-29-21 to 12-31-22
Mayor	Joshua L. Marsh	01-01-21 to 12-31-22
President of the Board of Public Works	Joshua L. Marsh	01-01-21 to 12-31-22
President Pro Tempore of the Common Council	Jamie Cain	01-01-21 to 12-31-22
Utility Office Manager	Donna M. Lecher	01-01-21 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GREENSBURG, DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of the City of Greensburg (City), for the period from January 1, 2021 to December 31, 2021. 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 our 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

October 31, 2022

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CLERK-TREASURER  
CITY OF GREENSBURG

CLERK-TREASURER  
CITY OF GREENSBURG  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

A similar comment also appeared in prior Report B58893, entitled *BANK ACCOUNT RECONCILIATIONS*.

*Condition and Context*

The City had not established an effective system of internal controls over cash and investments.

Bank reconciliations were performed monthly; however, the bank reconciliation report's book balance was not compared to the actual fund balance on the trial balance report. This resulted in undetected and uncorrected posting errors as follows:

1. A Sewer Depreciation fund receipt in the amount of \$2,515,200 was incorrectly receipted into the Water Depreciation Acct. fund.
2. Duplicate investment transactions posted to the Sewer Computer Reserve, Sewer Depreciation, and Sewer Capital Improvement funds, totaling \$3,350,000, were not identified during the reconciliation process and remained on the bank reconciliation as deposits in transit.
3. A receipt in the amount of \$118,390 was posted to the Sewer Sinking NY fund twice, in error.
4. Additional variances between the bank reconciliation report's book balance and the City's fund balance remained unidentified as of December 31, 2021, which resulted in a cash short of \$40,801.

*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. . . ."

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."

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

**ANNUAL FINANCIAL REPORT ERRORS**

*Condition and Context*

The City had not established a system of internal control over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and City's financial statement. The City did not have a proper system of internal control in place to prevent, or detect and correct, errors in the financial information prior to submission.

Due to the lack of internal controls, the financial statement presented for audit included the following errors:

1. The ARPA fund was not reported in the AFR, which understated receipts and disbursements by \$1,342,331 and \$98,390, respectively.
2. The COVID fund disbursements reported in the AFR were understated by \$326,270.
3. The Federal Tax Withheld fund receipts reported in the AFR were overstated by \$554,134, and disbursements were understated by \$32,088.
4. The General Fund receipts reported in the AFR were understated by \$425,143.

The Combining Schedule of Receipts, Disbursements and Cash and Investment Balances - Regulatory Basis was also materially misstated due to the errors listed above. Audit adjustments were proposed, accepted by the City, and made to the financial statement presented in the audit report.

*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.

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

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

**CORRECTION OF ERRORS**

*Condition and Context*

The City began using new accounting software in December 2021. The Clerk-Treasurer attempted the software's month-end close out process for December; however, the close out was not completed properly. This allowed correcting entries identified in March 2022 to be back dated to December 2021.

The corrections primarily impacted the General Fund, COVID, and ARPA funds, totaling \$1,242,414. Audit adjustments were proposed, accepted by the City, and are reflected in the Financial Statement Audit Report.

*Criteria*

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
CITY OF GREENSBURG  
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2022, with Amy E. Borns, Clerk-Treasurer; Joshua L. Marsh, Mayor; Donna M. Lecher, Utility Office Manager; Glenn Tebbe, Board of Public Works member; and Rodney A. King, Board of Public Works member.