

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF PETERSBURG

PIKE COUNTY, INDIANA

January 1, 2018 to December 31, 2021



FILED

12/15/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tammy Selby	01-01-18 to 12-31-22
Mayor	R.C. Klipsch	01-01-18 to 12-31-22
President of the Board of Public Works and Safety	R.C. Klipsch	01-01-18 to 12-31-22
President Pro Tempore of the Common Council	Fran Lewis Gary Leavitt Scott Jenkins	01-01-18 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-22
President of the Water Board	R.C. Klipsch	01-01-18 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF PETERSBURG, PIKE COUNTY, INDIANA

This report is supplemental to our audit report of the City of Petersburg (City), for the period from January 1, 2018 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 Statements Audit Report of the City, which provides our opinions on the City's financial statements. 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

November 22, 2022

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CLERK-TREASURER
CITY OF PETERSBURG

CLERK-TREASURER
CITY OF PETERSBURG
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the City related to financial transactions and reporting. The Clerk-Treasurer had not established an effective internal control system that separated incompatible activities related to financial close and reporting.

The Clerk-Treasurer prepared the Annual Financial Reports and the Deputy Clerk-Treasurer reviewed the reports; however, no evidence of the review process was available for audit. The Water Construction in Progress category of the Schedule of Capital Assets as of reporting date December 31, 2021, contained a material error that occurred due to a decimal point being omitted from the entry.

Audit adjustments were proposed, accepted by the City, and made to the Schedule of Capital Assets as presented.

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. . . .

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

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 5-11-1-4(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](#)."

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. The City had not properly maintained a complete detailed listing of all capital assets owned. Adjustments for additions and deletions had not been made to the capital assets record for 2021, nor was a physical inventory of capital assets performed.

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)

CLERK-TREASURER
CITY OF PETERSBURG
EXIT CONFERENCE

The contents of this report were discussed on November 22, 2022, with Tammy Selby, Clerk-Treasurer; R.C. Klipsch, Mayor; and Scott Jenkins, President Pro Tempore of the Common Council.