

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF JASONVILLE

GREENE COUNTY, INDIANA

January 1, 2021 to December 31, 2022



FILED
04/12/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jane Landry	01-01-21 to 12-31-23
Mayor	Larry L. Watters, Sr.	01-01-21 to 12-31-23
President of the Board of Public Works	Larry L. Watters, Sr.	01-01-21 to 12-31-23
President Pro Tempore of the Common Council	Peggy Sluder Brad J. Duncan	01-01-21 to 12-31-21 01-01-22 to 12-31-23
Utility Superintendent	Robert West	01-01-21 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF JASONVILLE, GREENE COUNTY, INDIANA

This report is supplemental to our audit report of the City of Jasonville (City), for the period from January 1, 2021 to December 31, 2022. 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/.

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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

March 30, 2023

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CLERK-TREASURER
CITY OF JASONVILLE

CLERK-TREASURER
CITY OF JASONVILLE
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B58146, entitled *INTERNAL CONTROLS OVER FINANCIAL CLOSE AND REPORTING*.

Condition and Context

There was a deficiency in the internal control system, as the City had not effectively separated incompatible activities related to the financial close and reporting process. The Clerk-Treasurer entered all of the City's financial information for the Annual Financial Reports in the Indiana Gateway for Government Units financial reporting system with a review process in place to ensure the amounts were reported correctly prior to submission; however, the internal controls in place were not effective at preventing, or detecting and correcting material errors from occurring.

The City omitted the financial activity and balances for three state revolving fund loan funds and the beginning balance of one fund. These variances resulted in the understatements of Receipts, Disbursements, and Ending Cash Balance of \$474,162, \$247,196, and \$364,362, respectively. Audit adjustments were proposed, accepted by the City, and made to the financial statement presented in the Financial Statement 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.

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

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

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

The City did not have an adequate system of internal controls in place to ensure the accuracy of the information reported as *Other Information* in the Indiana Gateway for Government Units financial reporting system, as follows:

Schedule of Leases and Debt

The City omitted the firetruck loan and the 2022 Sewage Works Revenue Bonds from the Schedule of Leases and Debt. In addition, the City incorrectly reported the amount of principal due within one year for the Wastewater Plant Improvements Revenue Bonds.

Adjustments to the Schedule of Leases and Debt were proposed, accepted by the City, and made to the schedule presented in the Financial Statement Audit Report.

Schedule of Capital Assets

The Schedule of Capital Assets was not properly reported for the audit period. The Schedule of Capital Assets did not include all assets owned by the City. The City's management requested the Schedule of Capital of Assets not be included in the Financial Statement Audit Report due to it not being properly maintained for the audit period.

Grant Schedule

The Grant Schedule contained the following errors:

1. The Office of Community and Rural Affairs grant expenditures were not included on the schedule, which resulted in a misstatement of \$478,961.
2. Other errors included incorrect program names, pass-through entities, and identifying numbers.

Criteria

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

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CAPITAL ASSETS

A similar comment appeared in a Management Letter addressed to the Clerk-Treasurer for the audit period ending December 31, 2020.

Condition and Context

The City did not have a complete, detailed listing of all capital assets owned that reflected their acquisition value. Additionally, a physical inventory had not been taken in the last 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)

CLERK-TREASURER
CITY OF JASONVILLE
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2023, with Jane Landry, Clerk-Treasurer; Larry L. Watters, Sr., Mayor; Brad J. Duncan, President Pro Tempore of the Common Council; Kent May, Common Council member; Peggy Sluder, Common Council member, Janelle Russell, Senior Utility Clerk; and Robert West, Utility Superintendent.