

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENFIELD

HANCOCK COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED
06/13/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lori Elmore	01-01-22 to 12-31-23
Mayor	Charles R. Fewell	01-01-22 to 12-31-23
President of the Board of Public Works	Larry Breese	01-01-22 to 12-31-23
President Pro Tempore of the Common Council	Dan Riley	01-01-22 to 12-31-23
Utility Office Manager	Jane Webb	01-01-22 to 12-31-23
Superintendent of the Water Utility	Charles Gill	01-01-22 to 12-31-23
Superintendent of the Wastewater Utility	Nicholas Dezelan	01-01-22 to 12-31-23
Superintendent of the Electric Utility	Scott Yost	01-01-22 to 12-31-23
Superintendent of the Storm Water Utility	Daniel Miller	01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GREENFIELD, HANCOCK COUNTY, INDIANA

This report is supplemental to the audit report of the City of Greenfield (City), for the period from January 1, 2022 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 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

May 16, 2022

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CLERK-TREASURER
CITY OF GREENFIELD

CLERK-TREASURER
CITY OF GREENFIELD
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The City had not established effective internal controls over the federal award information submitted as part of the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the City's Schedule of Expenditures of Federal Awards (SEFA).

The City failed to properly review the federal grant information prepared and submitted as part of the AFR. Although the City's process involved multiple individuals and one person entered the federal award information into Gateway and another reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the grant information submitted was incorrect and did not agree with the City's records. The following errors were identified with the information reported:

- The Clean Water State Revolving Fund expenditures were overstated by \$72,074,888.
- The Coronavirus State and Local Fiscal Recovery Funds expenditures were overstated by \$2,616,722.
- The Outdoor Recreation Acquisition, Development and Planning expenditures were understated by \$200,000.

Adjustments were proposed, accepted by the City, and made to the SEFA presented in the Federal Compliance 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. . . ."

CLERK-TREASURER
CITY OF GREENFIELD
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](#)."

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

Motor Vehicle Highway (MVH) Restricted funds were used to purchase a chainsaw, printer, ice melt, a vehicle mounted cold fogger, pay land fill fees, and fill potholes. Based on the definition of construction, reconstruction, and preservation, these expenditures would not be allowable within the fund.

Criteria

The purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes. . . .

Qualified expenditures will then be entered accordingly to MVH and MVH Restricted:

MVH: Permissible uses of the State Motor Vehicle Highway (MVH) Account distributions are outlined in Indiana Code 8-14-1-4 for counties and in Indiana Code 8-14-1-5 for cities and towns.

MVH Restricted: Effective July 1, 2018, Indiana Code 8-14-1-4(b) and Indiana Code 8-14-1-5(c) requires at least 50% of the MVH distributions to be used for construction, reconstruction and preservation of the unit's highways. (Maintenance expenditures no longer count toward the 50% requirement.)

Accounting for distributions from the State Motor Vehicle Highway Account in MVH and MVH Restricted will promote the transparency and accountability of public funds. This will also assist counties and municipalities with more than 15,000 residents in completing and filing the Annual Operational Report required under Indiana Code 8-17-4.1. . . .

(State Examiner Directive 2018-2)

CLERK-TREASURER
CITY OF GREENFIELD
EXIT CONFERENCE

The contents of this report were discussed on May 16, 2023, with Lori Elmore, Clerk-Treasurer; Charles R. Fewell, Mayor; Dan Riley, President Pro Tempore of the Common Council; and Larry Breese, President of the Board of Public Works.