

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF CRAWFORDSVILLE

MONTGOMERY COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED

06/14/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Terri Gadd	01-01-21 to 12-31-23
Mayor	Todd D. Barton	01-01-21 to 12-31-23
President of the Board of Public Works and Safety	Todd D. Barton	01-01-21 to 12-31-23
President Pro Tempore of the Common Council	Andrew P. Biddle	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 CRAWFORDSVILLE, MONTGOMERY COUNTY, INDIANA

This report is supplemental to our audit report of the City of Crawfordsville (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/.

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

June 1, 2023

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CLERK-TREASURER
CITY OF CRAWFORDSVILLE

CLERK-TREASURER
CITY OF CRAWFORDSVILLE
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The City had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Capital Assets

The City did not provide detailed subsidiary records which supported the \$171,892,894 in capital assets reported in Gateway as of December 31, 2021. Therefore, we were unable to determine the accuracy of the information.

Federal Grant Schedule

The City properly reported \$1,819,501 in Coronavirus State and Local Fiscal Recovery Funds received and zero disbursements on its grant schedule; however, the grant was improperly coded as a reimbursement-type grant, rather than an advance grant, causing an overstatement of federal expenditures by the aforementioned amount.

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.

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

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](#)."

CAPITAL ASSETS

Condition and Context

The City did not provide a complete detailed listing of its capital assets for audit. Departmental Capital Asset Ledgers (Forms 369) provided were partially updated throughout the audit period; however, records provided did not support the capital asset totals reported in the City's Annual Financial Report. In addition, the City did not complete an annual physical inventory as required by its policy.

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)



CITY OF CRAWFORDSVILLE

OFFICE OF MAYOR TODD D. BARTON
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Crawfordsville, IN 47933

(765) 364-5160
crawfordsville.net

Date: 9 June 2023

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re: 2021 Financial Statement Audit Report – Official Response

To whom it may concern:

In its 2021 Financial Statement Audit Report, the State Board of Accounts auditor noted:

Capital Assets

Condition and Context

The City did not provide a complete detail listing of its capital assets for audit. Departmental Capital Assets Ledgers (369) provided were partially updated through the audit period; however, records provided did not support the capital asset totals reported in the City's Annual Financial Report. In addition, the City did not complete an annual physical inventory as required by its policy.

The City of Crawfordsville responds that city management is committed to completing physical inventories and properly reporting capital assets annually. The city will also review its capital asset policy and consider raising the threshold at which an item is considered a capital asset from \$5,000 to \$25,000. Further responding, city management will work with the current software vendor to review and determine all capital asset detail is reported accurately.

Very truly yours,

Todd D. Barton
Mayor, City of Crawfordsville, Indiana

Copy—Terri Gadd, City Clerk-Treasurer



CLERK-TREASURER
CITY OF CRAWFORDSVILLE
EXIT CONFERENCE

The contents of this report were discussed on June 1, 2023, with Terri Gadd, Clerk-Treasurer; Todd D. Barton, Mayor; Andrew P. Biddle, President Pro Tempore of the Common Council; Mike Reidy, Common Council member; and J. Kent Minnette, City Attorney.