

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF CONNERSVILLE

FAYETTE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**  
07/05/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rosemary Brown	01-01-22 to 12-31-23
Mayor	Chad Frank	01-01-22 to 12-31-23
President of the Board of Public Works and Safety	Chad Frank	01-01-22 to 12-31-23
President Pro Tempore of the Common Council	Diana Phillips	01-01-22 to 12-31-23
Utility Office Manager	Cindy Lunsford	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 CONNERSVILLE, FAYETTE COUNTY, INDIANA

This report is supplemental to the audit report of the City of Connersville (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/](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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, 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

June 20, 2023

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CLERK-TREASURER  
CITY OF CONNERSVILLE

CLERK-TREASURER  
CITY OF CONNERSVILLE  
AUDIT RESULT AND COMMENT

**ANNUAL FINANCIAL REPORT**

A similar comment also appeared in prior Report B60514.

*Condition and Context*

Financial, supplementary, and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The grant information, leases and debt information, and capital asset information entered into Gateway was incorrect and did not agree with the City's records.

The City failed to properly review the federal grant information prepared and submitted in Gateway. As a result, the grant schedule presented for audit included the following errors:

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii program expenditures were understated by \$250,000.
2. Additional grants had individually immaterial errors that resulted in misstatements of grant expenditures of \$11,868, in total.

Audit adjustments were proposed, accepted by the City, and made to the Schedule Expenditures of Federal Awards.

The City failed to properly review the debt information prepared and submitted in Gateway. As a result, bonds payable was understated by \$840,000 due to one revenue bond being omitted. Audit adjustments were proposed, accepted by the City, and made to the Schedule of Leases and Debt presented as Other Information.

The City failed to properly review the capital asset information prepared and submitted in Gateway. As a result, the Schedule of Capital Assets was overstated by \$24,352,972. Audit adjustments were proposed, accepted by the City, and made to the Schedule of Capital Assets presented as Other Information.

CLERK-TREASURER  
CITY OF CONNERSVILLE  
AUDIT RESULT AND COMMENT  
(Continued)

*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 CONNERSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2023, with Rosemary Brown, Clerk-Treasurer; Chad Frank, Mayor; Diana Phillips, President Pro Tempore of the Common Council; and Brian Robb, Common Council member.