

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

EXAMINATION REPORT
OF
TOWN OF SPRING GROVE
WAYNE COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
09/22/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Billie Brann Deanna Call (Interim)	01-01-07 to 08-15-10 08-16-10 to 12-31-11
President of the Town Council	Ernest Hendricks	01-01-07 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SPRING GROVE, WAYNE COUNTY, INDIANA

We were engaged to examine the accompanying financial information of the Town of Spring Grove (Town), for the years ended December 31, 2007, 2008, and 2009. The financial information is the responsibility of the Town's management.

The Town did not properly maintain accounting records. The Town's records do not permit the application of other examination procedures to ascertain if the financial information is fairly stated.

Since the Town did not properly maintain accounting records and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial information is fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial information.

This report is intended solely for the information and use of the Town's management, the Town Council, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 1, 2011

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FINANCIAL INFORMATION

TOWN OF SPRING GROVE
SCHEDULE OF BANK BALANCES
December 31, 2009

	Cash and Investments 12-31-09
General Fund	\$ 33,000
Motor Vehicle Highway	39,038
Local Road And Street	50,000
Economic Development Fund	<u>15,000</u>
Total	<u>\$ 137,038</u>

The notes to the financial information are an integral part of this information.

TOWN OF SPRING GROVE
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Financial Reports for 2007, 2008, and 2009 had not been completed and sent to the State Board of Accounts.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Town's funds. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions for the period from January 1, 2007 to December 31, 2009.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS

Controls over the receipting, recording, and accounting for the financial activities were insufficient. The Auditor found a bank account that was not on the Town's records. Also, a check sent from the state to the Town was lost and the Town Officials were not aware of this until the Auditor informed them.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BOARD MINUTES

Not all minutes of meetings of the governing body were available for audit.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

TOWN OF SPRING GROVE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5."

CONTRACTS

Some payments were made for contractual services that were not supported by a written contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

No salary ordinance was found for the year 2010.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body annually unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PAYROLL DEDUCTIONS

Payments were made to town officials without payroll deductions for taxes.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees has not been certified to the County Treasurer since 2007.

TOWN OF SPRING GROVE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the name and address of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

OFFICIAL BOND

The official bonds for Billie Brann and Deanna Call, for their terms of office as Clerk-Treasurer, were not filed in the Office of the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

TOWN OF SPRING GROVE
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2011, with Deanna Call, Interim Clerk-Treasurer, and Ernest Hendricks, President of the Town Council. The officials concurred with our findings.