



STATE OF INDIANA

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January 23, 2015

TO: THE OFFICIALS OF THE TOWN OF CEDAR GROVE, FRANKLIN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Cedar Grove (Town), for the period of January 1, 2010 to December 31, 2013, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Town's financial statements, we did not follow *generally accepted auditing standards*. Accordingly, we do not express an opinion on any basic financial statement of the Town.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, the Annual Financial Reports filed by the Town can be found on the Gateway website: <https://gateway.ifionline.org/>.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Unresolved Comments From Prior Report

- *The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.*
- *Town officials did not timely file Annual Financial Reports with the Indiana State Board of Accounts for 2010, 2011, 2012, and 2013. The reports were filed on August 17, 2011, April 4, 2012, April 20, 2013, and April 20, 2014, respectively, which were 169 days, 34 days, 50 days, and 50 days, respectively, past the due dates.*
- *Town officials did not timely file Certified Reports of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2010, 2012, and 2013. The reports were filed on November 18, 2011, March 19, 2013, and March 4, 2014, which were 291 days, 47 days, and 32 days, respectively, past the due dates. Town officials did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2011.*

- *Depository reconciliations of the fund balances to the bank account balances were not performed by the Town during 2010, 2011, 2012, and 2013.*
- *The Town's ledger contained a number of posting errors including receipts and disbursements posted in incorrect amounts, checks not posted to the ledger, interest not posted, and a check shown as voided in the ledger cleared the bank.*
- *Receipts were not deposited by the next business day following the receipt of funds in 2010, 2011, 2012, and 2013. During the period of review, the Town received monthly distributions from both Franklin County and the State of Indiana, yet during 2010 there were two deposits, during 2011 there were six deposits, during 2012 there were four deposits, and during 2013 there were two deposits.*
- *The Clerk-Treasurer did not obtain an individual Surety Bond during 2010, 2011, 2012, or 2013.*
- *Employees were paid without federal employment taxes for Social Security and Medicare being withheld.*
- *W-2s were not issued for any Town employees for 2010, 2011, 2012, and 2013. In addition, a 1099 was not issued to the Town's attorney for 2010, 2011, 2012, and 2013.*

Current Period Comments

- *The Town has three outstanding checks from 2006, one from 2007, and one from 2008 that should be receipted into the ledger. Town checks should be voided two years after December 31 in the year in which they are written and receipted back into the ledger.*
- *The Annual Financial Reports filed on Gateway for 2011, 2012, and 2013 contained a number of errors and did not properly reflect the financial activity of the Town.*

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount Per Gateway</u>	<u>Amount Per Corrected Ledger</u>	<u>Difference</u>
2011	General	Beginning Balance	\$ 45,011.10	\$ 45,012.70	\$ (1.60)
2011	Motor Vehicle Highway	Beginning Balance	41,020.47	40,770.20	250.27
2011	General	Disbursements	2,771.56	3,091.50	(319.94)
2011	General	Ending Balance	49,364.15	49,045.81	318.34
2011	Motor Vehicle Highway	Ending Balance	29,285.49	29,035.22	250.27
2012	General	Beginning Balance	49,364.15	49,045.81	318.34
2012	Motor Vehicle Highway	Beginning Balance	29,285.49	29,035.22	250.27
2012	General	Receipts	9,058.94	9,040.61	18.33
2012	Motor Vehicle Highway	Receipts	10,143.40	9,606.87	536.53
2012	Motor Vehicle Highway	Disbursements	4,941.68	4,941.65	0.03
2012	General	Ending Balance	52,529.20	52,192.53	336.67
2012	Motor Vehicle Highway	Ending Balance	34,487.21	33,700.44	786.77
2013	General	Beginning Balance	52,529.20	52,192.53	336.67
2013	Motor Vehicle Highway	Beginning Balance	34,487.21	33,700.44	786.77
2013	General	Receipts	4,111.81	4,109.81	2.00
2013	Motor Vehicle Highway	Receipts	5,557.89	5,558.09	(0.20)
2013	General	Disbursements	5,609.71	5,610.21	(0.50)
2013	General	Ending Balance	51,031.30	50,692.13	339.17
2013	Motor Vehicle Highway	Ending Balance	36,840.53	36,053.96	786.57

- *The Town did not have a Nepotism Policy for 2012 or 2013.*
- *The Clerk-Treasurer and each Council member did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012 and 2013.*
- *The Town did not have a Contracting Policy for 2012 or 2013.*
- *The Clerk-Treasurer and each Council member did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012 and 2013.*
- *The Town did not adopt an ordinance establishing the compensation of officers and employees for 2010, 2011, 2012, and 2013.*
- *Evidence was not provided for review to verify the Town published the Annual Financial Report in accordance with Indiana Code 5-3-1-3 for 2010, 2011, 2012, and 2013.*

This letter is intended for the information and use of the governing body and management of the Town. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on January 9, 2015, with Ruth Merrill, Clerk-Treasurer, and Thomas J. Brown, President of the Town Council.



Paul D. Joyce, CPA
State Examiner