

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SPURGEON

PIKE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/16/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dorothy A. Julian Lisa Rostron	01-01-23 to 06-16-24 06-17-24 to 12-31-24
President of the Town Council	Eric Heaton	01-01-23 to 12-31-24
Superintendent of Water Utility	Larry W. Julian	01-01-23 to 12-31-24
Superintendent of Wastewater Utility	Doug P. Julian Tim Moore	07-14-23 to 04-30-24 05-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE TOWN OF SPURGEON, PIKE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Spurgeon (Town), for the period from January 1, 2023 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statement Audit Report of the Town, which provides our opinions on the Town'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 Result and Comment contained herein describes an 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 28, 2024

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CLERK-TREASURER
TOWN OF SPURGEON

CLERK-TREASURER
TOWN OF SPURGEON
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Internal controls were not in place to ensure compliance with requirements related to financial and other information. Financial 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 capital assets, payables and receivables, and leases and debt information entered into Gateway contained the following errors:

Capital Assets

The capital assets were understated in the amount of \$1,711,739 due to under reporting the Wastewater Utility infrastructure.

An adjustment was proposed, accepted by the Town, and made to the Schedule of Capital Assets presented as Other Information in the Financial Statement Audit Report of the Town.

Payables and Receivables

No amounts were reported in Gateway for accounts payable or receivables for the Town or utilities. The Town has determined that the Schedule of Payables and Receivables will not be presented as Other Information in the Financial Statement Audit Report of the Town.

Leases and Debt

Sewer revenue bonds were omitted from the schedule, therefore, understating the ending principal balance by \$515,000 and the principal due within one year was understated by \$9,793.

An adjustment was proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of the Town.

CLERK-TREASURER
TOWN OF SPURGEON
AUDIT RESULT AND COMMENT
(Continued)

Criteria

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 as set forth in the uniform compliance guidelines. 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](#)."

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
TOWN OF SPURGEON
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2024, with Lisa Rostron, Clerk-Treasurer; Dorothy A. Julian, former Clerk-Treasurer; and Sandra Barrett, Town Council member.