

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

COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF GRIFFIN

POSEY COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
04/15/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-6
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	9-11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jeanella Shelby (Vacant) Jamie Hyatt	01-01-19 to 09-30-19 10-01-19 to 11-15-19 11-16-19 to 12-31-24
President of the Town Council	Eddie G. Martin	01-01-19 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 GRIFFIN, POSEY 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 Griffin (Town), for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Town as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Town's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Jamie Hyatt, Clerk-Treasurer; Judy Christmas, Town Council member; and Eddie G. Martin, President of the Town Council, on April 11, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 19, 2024

TOWN OF GRIFFIN
COMMENTS

ADVANCE PAYMENTS

Condition and Context

Internal controls were not in place to ensure salaries were not paid in advance. The Clerk-Treasurer and Town Council members were salaried employees per the approved Salary Ordinances for each year of the engagement period. The Salary Ordinances specified that the approved salaries were to be paid in equal installments on a quarterly basis. Each employee was paid the approved salary amount each quarter, but payroll was processed prior to the end of each quarter, meaning that all salaried employees were paid in advance.

Criteria

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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. . . ."

TOWN COUNCIL APPROVAL OF TRANSFERS

Condition and Context

Internal controls were not in place to ensure compliance with Indiana Code 36-5-4-13(a). Two transfers, one from the Local Road and Street Fund and one from the Economic Development Improvement fund, totaling \$22,913, were made to the Local Road and Bridge Grant fund, for purposes of meeting the Town's required local match for a grant received by the Town. The minutes of the Town Council meetings did not indicate that these transfers had been approved by the Town Council in an ordinance or a resolution.

TOWN OF GRIFFIN
COMMENTS
(Continued)

Criteria

Indiana Code 36-5-4-13(a) states:

"Except as provided in subsection (c), this subsection applies to a town with a population of five hundred (500) or less. Notwithstanding the provisions of any other statute, a town may transfer money from any town fund to another town fund after passage of an ordinance or a resolution by the town legislative body specifying the:

- (1) amount of the transfer;
- (2) funds involved;
- (3) date of the transfer; and
- (4) general purpose of the transfer."

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. . . ."

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

(This page intentionally left blank.)

TOWN OF GRIFFIN
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
General Fund	\$ 32,582	\$ 33,351	\$ 15,778	\$ 50,155	\$ 13,889	\$ 18,026	\$ 46,018
Motor Vehicle Highway Fund	31,828	5,517	4,061	33,284	5,471	2,473	36,282
Local Road And Street Fund	9,917	1,638	3,930	7,625	1,660	476	8,809
MVH Restricted	-	3,702	-	3,702	3,265	-	6,967
Rainy Day Fund	43	-	-	43	-	-	43
Economic Development Improvement	19,855	3,121	20,000	2,976	3,619	-	6,595
Cumulative Capital Improvement Fund	2,846	393	50	3,189	373	-	3,562
Public Safety	3,254	1,692	-	4,946	1,963	-	6,909
Local Road and Bridge Grant	-	91,650	91,650	-	-	-	-
Totals	<u>\$ 100,325</u>	<u>\$ 141,064</u>	<u>\$ 135,469</u>	<u>\$ 105,920</u>	<u>\$ 30,240</u>	<u>\$ 20,975</u>	<u>\$ 115,185</u>

TOWN OF GRIFFIN
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
General Fund	\$ 46,018	\$ 31,657	\$ 16,973	\$ 60,702	\$ 23,416	\$ 20,512	\$ 63,606
Motor Vehicle Highway Fund	36,282	6,051	2,584	39,749	5,589	3,074	42,264
Local Road And Street Fund	8,809	1,818	-	10,627	1,805	537	11,895
MVH Restricted	6,967	3,608	-	10,575	3,245	-	13,820
Rainy Day Fund	43	-	-	43	-	-	43
Opioid Unrestricted	-	-	-	-	163	-	163
Economic Development Improvement	6,595	4,113	-	10,708	3,707	-	14,415
Cumulative Capital Improvement Fund	3,562	353	-	3,915	260	-	4,175
Public Safety	6,909	2,224	-	9,133	1,999	-	11,132
Totals	<u>\$ 115,185</u>	<u>\$ 49,824</u>	<u>\$ 19,557</u>	<u>\$ 145,452</u>	<u>\$ 40,184</u>	<u>\$ 24,123</u>	<u>\$ 161,513</u>

TOWN OF GRIFFIN
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
General Fund	\$ 63,606	\$ 24,126	\$ 18,567	\$ 69,165
Motor Vehicle Highway Fund	42,264	5,433	2,765	44,932
Local Road And Street Fund	11,895	1,819	-	13,714
MVH Restricted	13,820	3,079	-	16,899
Rainy Day Fund	43	-	-	43
Opioid Unrestricted	163	29	-	192
Economic Development Improvement	14,415	3,746	-	18,161
Cumulative Capital Improvement Fund	4,175	260	-	4,435
Public Safety	11,132	1,994	-	13,126
Totals	<u>\$ 161,513</u>	<u>\$ 40,486</u>	<u>\$ 21,332</u>	<u>\$ 180,667</u>