

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

**Paul D. Joyce, CPA  
State Examiner**

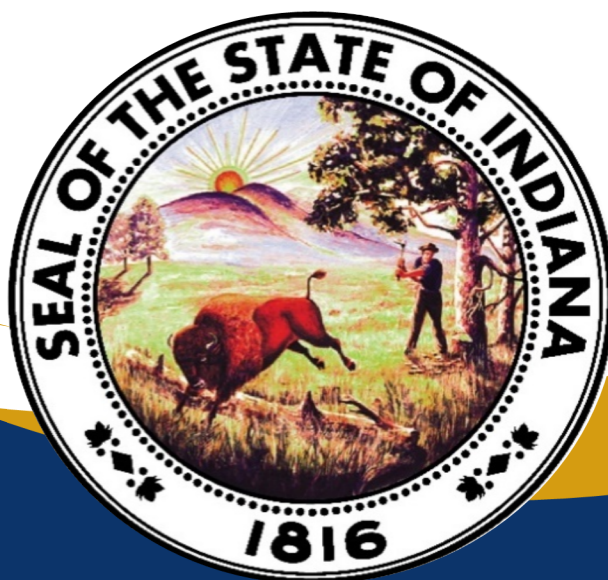
COMPLIANCE ENGAGEMENT REPORT

OF

TOWN OF GRANDVIEW

SPENCER COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**

12/03/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Burrows	01-01-20 to 08-13-21
	Jenny Freeman	08-14-21 to 06-02-23
	Donna Burrows	06-03-23 to 07-16-23
	David Kincaid II	07-17-23 to 03-22-24
	Donna Burrows	03-23-24 to 09-30-24
	Jennifer Whitlock	10-01-24 to 11-30-24
	Donna Burrows (interim)	12-01-24 to 12-31-24
President of the Town Council	Doug W. Risse	01-01-20 to 12-31-23
	Dakota Risse	01-01-24 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET  
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TO: THE OFFICIALS OF THE TOWN OF GRANDVIEW, SPENCER 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 Grandview (Town), for the period of January 1, 2020 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 Jennifer Whitlock, Clerk-Treasurer; Donna Burrows, former Clerk-Treasurer; Doug W. Risse, Town Council member; Angie M. Fischer, Town Council member; and Samuel U. Rose, Town Manager, on November 20, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

November 16, 2024

TOWN OF GRANDVIEW  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

The Town did not have adequate internal controls in place to ensure compliance related to the annual financial report, bank account reconciliations, errors on claims, motor vehicle highway - restricted, ordinances and resolutions - stormwater rates, and overdrawn cash balance as detailed further in the comments below.

*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. . . ."

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The Town did not have adequate internal controls over the information submitted in the AFR, which resulted in the following errors:

*Accounts Payables/Accounts Receivable*

The Town did not properly report amounts for accounts receivables for the years 2021, 2022, and 2023.

*Leases and Debt*

The Wastewater General Revenue Bond was included in the debt schedule for 2021 and 2022, but was paid off in September of 2021, which resulted in an overstatement of the debt schedule of \$214,417 each year.

TOWN OF GRANDVIEW  
COMMENTS  
(Continued)

The Gas Bond Anticipation Note was included in the debt schedule for 2021 and 2022, but was paid off in August of 2021, which resulted in an overstatement of the debt schedule of \$40,969 each year.

*Grant Schedule*

The grant schedule within the AFR included the following errors:

- The Community Development Block grant (OCRA), Assistance Listings Number (ALN) 14.228, was omitted from 2023. This resulted in an understatement of \$85,500.
- The Coronavirus State and Local Fiscal Recovery Funds, ALN 21.027, was omitted from 2023. This resulted in an understatement of \$116,477.

*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](#)."

**BANK ACCOUNT RECONCILIATIONS**

A similar comment also appeared in prior Report B55327, entitled *BANK ACCOUNT RECONCILIATIONS*.

*Condition and Context*

Internal controls were not in place to ensure bank accounts were reconciled to accounting records. The Town prepared monthly bank reconciliations for 49 of the 63 monthly reconciliations tested for compliance. Of the reconciliations prepared, 6 had an outstanding check list prepared, but no reconciliation performed. There were 14 months that did not have a reconciliation prepared.

The Town reconciled at year end for 2020, 2021, and 2022; however, as of December 31, 2023, the Town's bank accounts showed \$5,868 less than the Town's financial statements and fund report.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF GRANDVIEW  
COMMENTS  
(Continued)

**ERRORS ON CLAIMS**

A similar comment appeared in prior Report B55327, entitled *ERRORS ON CLAIMS*.

*Condition and Context*

*Vendor Disbursements*

Internal controls were not in place to ensure compliance over disbursements. We tested seventy-six claims for compliance and noted the following errors:

- None were approved by the officer or person receiving the goods and services.
- Thirty-three were not certified by the Clerk-Treasurer that the invoice or bill was true and correct.
- One did not have a voucher or invoice to support the payment.
- Four were posted to the incorrect fund.
- All claims were paid in advance of the Town Council approval. The Town had adopted an ordinance to pay certain claims before the Town Council approval which detailed out the types of claims that could be paid prior to a Town Council meeting.

*Payroll Disbursements*

Internal controls were not in place to ensure compliance with approval of disbursements. Of the 9 payroll vouchers tested, 2 were not presented to the Town Council for approval.

*Criteria*

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

TOWN OF GRANDVIEW  
COMMENTS  
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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 Towns Chapter 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED**

*Condition and Context*

Internal controls were not in place to ensure proper posting of distributions from the State Motor Vehicle Highway Account. The Motor Vehicle Highway- Restricted (MVH-R) distribution for April 2021 was posted to the Local Roads and Streets fund in the amount of \$1,374. The November 2023 distribution was posted entirely to the Motor Vehicle Highway fund, but \$1,303 should have been posted to the MVH - Restricted fund. The December 2023 distribution for MVH and MVH-R was posted to the General fund in the amount of \$2,581.

*Criteria*

Indiana Code 8-14-1-5(c) states: "Except as provided in subsection (d), for funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

The purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to **create a new sub-fund within the MVH Fund** to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes. . . .

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted.

(State Examiner Directive 2018-2)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF GRANDVIEW  
COMMENTS  
(Continued)

**ORDINANCES AND RESOLUTIONS - STORMWATER RATES**

*Condition and Context*

Internal controls were not in place to ensure compliance with local ordinances. The Town adopted ordinance "Ordinance 2022-01-17-01" for Stormwater rates which should have increased to \$3 effective for January 2023.

The Town did not update its utility billing system for 2023 for the Stormwater Utility. The Town charged \$2 monthly throughout 2023.

*Criteria*

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**OVERDRAWN CASH BALANCES**

*Condition and Context*

Internal controls were not in place to ensure funds were not overdrawn. The Payroll W/H fund and the PERF fund had overdrawn cash balances of \$1,184 and \$3,333 on December 31, 2023, respectively.

*Criteria*

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



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

TOWN OF GRANDVIEW  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2020 and 2021

Fund	Cash and	Receipts	Disbursements	Cash and	Receipts	Disbursements	Cash and
	Investments			Investments			Investments
	01-01-20			12-31-20			12-31-21
GENERAL FUND	\$ 522,591	\$ 124,352	\$ 112,690	\$ 534,253	\$ 140,717	\$ 127,548	\$ 547,422
MOTOR VEHICLE HIGHWAY	111,877	38,613	25,275	125,215	39,146	37,293	127,068
LOCAL ROAD & STREET	26,937	6,316	-	33,253	8,274	-	41,527
MVH Restricted	2,781	14,216	-	16,997	14,338	4,634	26,701
UNSAFE BUILDING	3,930	7,100	-	11,030	-	-	11,030
SPENCER CO PARK & REC GRANT	-	2,400	2,284	116	3,000	3,116	-
CUM CAP IMP - CIG TAX	12,114	1,624	1,128	12,610	1,539	1,852	12,297
CO ECONOMIC DEV INCOME TAX-CEDIT	54,082	24,350	988	77,444	23,794	10,000	91,238
CEMETERY GIFT DONATION	7,385	945	400	7,930	250	-	8,180
CEMETERY	21,920	6,000	945	26,975	4,750	1,232	30,493
BOAT DOCK DONATION FUND	4,286	4,369	-	8,655	1,550	-	10,205
ARP FUND	-	-	-	-	74,963	16,820	58,143
PARK & RECREATION- GRANDVIEW	1,275	2,388	2,440	1,223	5,073	525	5,771
SOLAR FARM	4,960	-	-	4,960	-	-	4,960
FIRE DEPT DONATION FUND	472	8,175	8,265	382	5,120	161	5,341
CARES ACT FUND	-	19,636	18,536	1,100	-	1,100	-
CC GRANT L/R/BRIDGE MATCH	1,544	-	-	1,544	33,560	35,104	-
PAYROLL W/H	-	178,977	178,977	-	185,612	183,252	2,360
PERF	-	19,845	19,845	-	19,603	18,880	723
SEWAGE UTILITY OPERATING	84,808	195,442	186,262	93,988	227,162	193,081	128,069
SEWAGE UTL BOND & INT	491	42,092	42,583	-	11,458	5,792	5,666
SEWAGE UTL DEBT SVC	45,000	-	-	45,000	-	-	45,000
SEWAGE DEPRECIATION	10,191	-	-	10,191	-	-	10,191
SEWAGE GOOSE HOLLOW	37,000	7,400	44,000	400	-	-	400
WATER UTILITY OPERATING	197,351	202,804	213,642	186,513	188,722	201,099	174,136
WATER UTL DEPRECIATION/SRF	3,928	-	-	3,928	-	-	3,928
WATER UTL METER DEPOSIT	23,263	7,069	3,696	26,636	3,123	2,335	27,424
WATER UTL CONST/COIT	53,482	44,664	98,146	-	-	-	-
GAS UTILITY OPERATING	45,421	141,673	178,631	8,463	160,131	124,172	44,422
GAS UTILITY METER DEPOSIT	11,976	5,350	1,455	15,871	405	15,837	439
GAS UTILITY CONSTRUCTION (IN PROGRESS)	-	-	-	-	620,000	355,201	264,799
Totals	\$ 1,289,065	\$ 1,105,800	\$ 1,140,188	\$ 1,254,677	\$ 1,772,290	\$ 1,339,034	\$ 1,687,933

TOWN OF GRANDVIEW  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-22	Receipts	Disbursements	12-31-22	Receipts	Disbursements	12-31-23
GENERAL FUND	\$ 547,422	\$ 139,469	\$ 113,989	\$ 572,902	\$ 128,555	\$ 157,306	\$ 544,151
Motor Vehicle Highway	127,068	37,000	26,799	137,269	29,612	27,884	138,997
Local Road and Street	41,527	7,349	-	48,876	6,345	-	55,221
MVH Restricted (subfund of Motor Vehicle Highway)	26,701	15,149	-	41,850	12,436	45,710	8,576
Unsafe Building	11,030	-	10,760	270	11,160	11,430	-
SPENCER CO PARK & REC GRANT	-	1,700	547	1,153	-	800	353
OPIOID RESTRICTED	-	1,819	-	1,819	-	-	1,819
OPIOID UNRESTRICTED	-	780	-	780	547	408	919
CUM CAP IMP - CIG TAX	12,297	1,267	1,588	11,976	638	885	11,729
CO ECONOMIC DEV INCOME TAX-CEDIT	91,238	21,883	-	113,121	20,614	10,000	123,735
CEMETERY GIFT DONATION	8,180	250	-	8,430	250	-	8,680
Cemetery Operating (tax revenue support-not user)	30,493	3,500	460	33,533	3,000	731	35,802
BOAT DOCK DONATION FUND	10,205	803	-	11,008	21,814	9	32,813
OCRA STUDY GRANT	-	-	-	-	95,000	95,000	-
ARP FUND	58,143	74,963	-	133,106	-	116,477	16,629
Park and Recreation - Operating	5,771	253	-	6,024	27,114	2,026	31,112
SOLAR FARM	4,960	-	-	4,960	-	-	4,960
FIRE DEPT DONATION FUND	5,341	25	5,341	25	5,894	396	5,523
CC GRANT L/R/BRIDGE MATCH	-	-	-	-	100,927	100,927	-
PAYROLL W/H	2,360	173,757	176,117	-	184,744	185,928	(1,184)
PERF	723	19,244	19,243	724	18,166	22,223	(3,333)
SEWAGE UTILITY OPERATING	128,069	184,681	165,182	147,568	197,747	172,439	172,876
SEWAGE UTL BOND & INT	5,666	-	-	5,666	-	-	5,666
SEWAGE UTL DEBT SVC	45,000	-	-	45,000	-	-	45,000
SEWAGE DEPRECIATION	10,191	-	-	10,191	-	-	10,191
SEWAGE GOOSE HOLLOW	400	-	-	400	-	-	400
WATER UTILITY OPERATING	174,136	211,165	200,653	184,648	215,103	206,507	193,244
WATER UTL DEPRECIATION/SRF	3,928	-	-	3,928	-	-	3,928
WATER UTL METER DEPOSIT	27,424	1,740	1,515	27,649	2,400	1,076	28,973
GAS UTILITY CONSTRUCTION (IN PROGRESS)	264,799	-	20,695	244,104	-	11,160	232,944
GAS UTILITY OPERATING	44,422	1,751	-	46,173	140	2,308	44,005
GAS UTILITY METER DEPOSIT	439	125	5	559	-	-	559
Storm Water Utility Operating	-	6,144	567	5,577	7,767	-	13,344
Totals	<u>\$ 1,687,933</u>	<u>\$ 904,817</u>	<u>\$ 743,461</u>	<u>\$ 1,849,289</u>	<u>\$ 1,089,973</u>	<u>\$ 1,171,630</u>	<u>\$ 1,767,632</u>