

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

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SPRINGPORT

HENRY COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**

04/08/2025



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dana Spradlin (Vacant) Greg Yapp (ex-officio)	01-01-20 to 01-11-22 01-12-22 to 02-14-23 02-15-23 to 12-31-25
President of the Town Council	Greg Yapp Darren Ullery	01-01-20 to 12-31-21 01-01-22 to 12-31-25



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF SPRINGPORT, HENRY COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Springport (Town), for the period from January 1, 2020 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 Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

February 24, 2025



CLERK-TREASURER  
TOWN OF SPRINGPORT

CLERK-TREASURER  
TOWN OF SPRINGPORT  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

A similar comment also appeared in prior Report B55471, entitled *INTERNAL CONTROLS OVER CASH AND INVESTMENTS, RECEIPTS, AND FINANCIAL CLOSE AND REPORTING*.

*Condition and Context*

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to cash and investments, receipts, and financial close and reporting. The failure to establish these internal controls enabled material misstatements to occur and remain undetected.

*Cash and Investments*

Bank reconciliations were prepared monthly by one official and then reviewed by a second official. However, the internal control in place did not prevent, or detect and correct, material errors noted from auditing procedures for cash and investments for the Town during the audit period.

*Receipts*

One individual was primarily responsible for all aspects of receipting. There were no compensating internal controls in place, such as an oversight, review, or approval process, to ensure that receipts were properly recorded in the Town's ledger and deposited.

*Financial Reporting*

One individual prepared and submitted the annual financial information into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Reports and financial statements. No documentation was provided to indicate a second individual performed a review to prevent, or detect and correct, material errors in the audit period financial statements.

*Compliance*

The Town did not have adequate internal controls in place to ensure compliance with applicable laws and regulations. Additional details on noncompliance are noted in the comments following this comment and entitled:

- Annual Financial Report
- Condition of Records
- Motor Vehicle Highway (MVH) - Restricted Fund
- Receipt Issuance
- Payroll Taxes
- 100R - Certified Report Filed After Due Date
- Annual Financial Report - Late Filing

CLERK-TREASURER  
TOWN OF SPRINGPORT  
AUDIT RESULTS AND COMMENTS  
(Continued)

- Training and Certification on Internal Control Standards

*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*

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town had not established effective internal controls over the AFR information entered into Gateway for 2020 and 2021, which resulted in the following errors:

*Financial Data*

- The General fund receipts were overstated by \$61,183 in 2020 and \$6,203 in 2021. Disbursements were overstated by \$433 in 2020 and understated by \$4,194 in 2021. This resulted in an overstatement of ending cash and investments in the amounts of \$60,750 and \$71,147 for 2020 and 2021, respectively.
- The Community Crossings fund receipts were understated by \$48,260 in 2020, resulting in an understatement of \$48,260 in the 2020 and 2021 ending cash and investments balance.
- In 2020, the beginning cash and investments for the Springport Wastewater Utility fund were overstated by \$55, and receipts were understated by \$5,849, resulting in the ending cash and investment being understated by \$5,794. Financial activities for the Springport Wastewater Utility fund were not recorded in the 2021 AFR, resulting in the beginning cash and investments, receipts, disbursements, and the ending cash and investments being understated by \$5,794, \$107,507, \$99,863, and \$13,438, respectively.

CLERK-TREASURER  
TOWN OF SPRINGPORT  
AUDIT RESULTS AND COMMENTS  
(Continued)

- The 2021 Annual Financial Report had a fund SSRW Keystone that reported disbursements of \$61,911 and a negative cash and investment balance of \$61,911. This fund should not have been reported, and it was not included on the Town's funds ledger, resulting in disbursements being overstated by \$61,911 and an understatement of \$61,911 in the Town's 2021 cash and disbursements balance.
- Several additional funds had individually immaterial errors or omissions that resulted in an understatement of receipts of \$5,163 and \$7,124 in 2020 and 2021, respectively.
- Several additional funds had individually immaterial errors or omissions that resulted in an understatement of disbursements of \$4,517 and \$9,434 in 2020 and 2021, respectively.

Audit adjustments were proposed, accepted by the Town, and made to the financial statements and to the Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statements Audit Report of the Town.

*Capital Assets*

Capital asset information entered into Gateway could not be verified to supporting documentation as the Town did not provide a detailed inventory of capital assets during the audit period. The Town has chosen to omit the Schedule of Capital Assets from the Financial Statements Audit Report of the Town.

*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](#)."

**CONDITION OF RECORDS**

*Condition and Context*

The Town did not have adequate internal controls in place to ensure bank reconciliations were properly completed. Depository reconciliations of the Town's funds ledger balances to its bank account balances were conducted for the Town and its wastewater utility during the audit period.

However, the reconciliations completed for December 31, 2021, and December 31, 2022, both contained a cash short of \$876. Adjustments were made by Town officials to its General and Springport Wastewater Utility funds ledger activities totals used for its 2023 year-end bank reconciliation in order to correct 2021 and 2022 variances that resulted in the cash short.

The adjustments presented for audit of the 2023 year-end bank reconciliation included the following errors noted during the audit period for the Springport Wastewater Utility fund:

- A check issued in February 2021 in the amount of \$2,032 that was not posted to the Town's wastewater utility records.

CLERK-TREASURER  
TOWN OF SPRINGPORT  
AUDIT RESULTS AND COMMENTS  
(Continued)

- A loan payment made in December 2021 in the amount of \$10,010 that was not posted to the Town's wastewater utility records.
- Deposits made in December 2021 for a total amount of \$5,980 that were not posted to the Town's wastewater utility records.
- An unidentified variance from December 2021 for an amount of \$2,033 that was not included in the Town's wastewater utility records.

The adjustments presented for audit included the following errors noted during the audit period for the General fund:

- An unidentified variance from December 2021 for an amount of \$3,161 that was not included in the Town's records.

*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)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

A similar comment also appeared in prior Report B55471, entitled *MVH RESTRICTED FUND*.

*Condition and Context*

The Town did not have adequate internal controls in place to determine that motor vehicle highway distributions were properly posted or expended. The Town did not allocate or deposit at least 50 percent of the state distributions from the State Motor Vehicle Highway Account, at the time of receipt, into an MVH Restricted sub-fund for the years 2020 through 2022. The amount of receipts that should have been receipted into the MVH Restricted sub-fund during the audit period was \$8,861. As these distributions were not allocated to the MVH Restricted fund at the time of receipt, the Indiana State Board of Accounts was unable to determine if the Town used at least 50 percent for the purpose specified in Indiana Code 8-14-1-5(c).

*Criteria*

Indiana Code 8-14-1-5(c) states in part: "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."

CLERK-TREASURER  
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(Continued)

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)

### **RECEIPT ISSUANCE**

A similar comment also appeared in prior Report B55471, entitled *SUPPORTING DOCUMENTATION*.

#### *Condition and Context*

Internal controls were not in place to ensure compliance for receipts during the audit period. The Town was unable to produce receipts for amounts that were receipted into funds other than the Town's wastewater utility in 2022. The total amount receipted into the Town's records for funds other than the wastewater utility was \$48,395 in 2022.

#### *Criteria*

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

### **PAYROLL TAXES**

#### *Condition and Context*

Internal control deficiencies resulted in the noncompliance detailed below:

- The Town did not withhold federal, state, or local taxes from the compensation paid to the Clerk-Treasurer, Deputy Clerk-Treasurer, or Town Council members for 2020 and 2021. Total compensation paid by the Town was \$8,463 for the years 2020 and 2021.

#### *Criteria*

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 unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
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(Continued)

**100R - CERTIFIED REPORT FILED AFTER DUE DATE**

*Condition and Context*

Internal controls were not in place to ensure compliance with requirements for filing the Certified Report of Names, Addresses, Duties, and Compensation of Public Employees (Form 100R) in a timely manner during the audit period. The Town's Certified Report of Names, Addresses, Duties, and Compensation of Public Employees (Form 100R) for 2022 was filed 101 days after the due date.

*Criteria*

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**ANNUAL FINANCIAL REPORT - LATE FILING**

*Condition and Context*

Internal control deficiencies resulted in the Town submitting its 2022 and 2023 Annual Financial Reports (AFR) late. The AFRs were filed 155 days late for 2022 and 104 days late for 2023.

*Criteria*

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS**

A similar comment also appeared in prior Report B55471, entitled *ADOPTION OF AND TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

*Condition and Context*

There was no documentation that the Town provided training over internal control standards to required personnel.

The Town incorrectly certified on the Annual Financial Reports for 2020, 2021, 2022, and 2023 that required personnel received internal controls training.

CLERK-TREASURER  
TOWN OF SPRINGPORT  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF SPRINGPORT  
EXIT CONFERENCE

The contents of this report were discussed on February 24, 2025, with Greg Yapp, ex-officio Clerk-Treasurer; Darren Ullery, President of the Town Council; Bret Joseph, Town Council member; and Pat Yapp, Deputy Clerk-Treasurer.



TOWN COUNCIL  
TOWN OF SPRINGPORT

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AUDIT RESULTS AND COMMENTS

**CLERK-TREASURER VACANCY**

*Condition and Context*

Due to deficiencies in internal controls, a vacancy in the position of Clerk-Treasurer was not filled in a manner authorized by Indiana Code. On January 11, 2022, the Clerk-Treasurer resigned creating a vacancy in office of the Clerk-Treasurer. The office was not filled by caucus under Indiana Code 3-13-9-3, nor was a member of the Town legislative body selected under Indiana Code 36-5-6-9(b) to assume the duties of the office of the Clerk-Treasurer. The position remained vacant through July 12, 2022.

On July 12, 2022, the Town Council documented in its minutes that it appointed Martha Biehl (Biehl) to serve as Clerk-Treasurer. Biehl was not a resident of the Town and was simultaneously serving as the Clerk-Treasurer of the Town of Mooreland. The Town did not enter into an interlocal agreement with the Town of Mooreland in accordance with Indiana Code 36-1-7 and Indiana Code 36-5-6-9(c), which would have allowed Biehl to assist the Town legislative body member selected under subsection Indiana Code 36-5-6-9(b) in performing the duties of the Clerk-Treasurer's office, had such a member been selected. Biehl resigned on February 14, 2023. On that date, a Town Council member was selected to perform the duties of Clerk-Treasurer. In addition, on June 13, 2023, the Town Council approved hiring a consulting firm to assist with the recordkeeping and required filings and uploads.

*Criteria*

Indiana Code 36-5-6-3(a) states: "The clerk-treasurer must reside within the town as provided in Article 6, Section 6 of the Constitution of the State of Indiana. The clerk-treasurer forfeits office if the clerk-treasurer ceases to be a resident of the town."

Indiana Code 36-5-6-9 states:

"(a) This section applies if an office of town clerk-treasurer is vacant and the town legislative body is unable to fill the office under [IC 3-13-9-3](#).

(b) The town legislative body may select a town legislative body member, who shall assume the duties of the office of town clerk-treasurer. For purposes of Article 2, Section 9 of the Constitution of the State of Indiana and Indiana law, if a town legislative body member serves as the ex officio town clerk-treasurer, the duties assumed by the town legislative body member:

- (1) are considered part of the duties prescribed by law for the office of town legislative body member; and
- (2) are not considered a second office.

A town legislative body member may not receive any additional compensation for assuming the duties of the town clerk treasurer.

(c) The town legislative body may either:

- (1) enter into an interlocal agreement under [IC 36-1-7](#) with the town clerk-treasurer and town legislative body of another town in the state to assist the town legislative body member selected under subsection (b) in performing the duties of the clerk-treasurer's office, provided that the agreement may not last longer than the remainder of the vacant clerk-treasurer's term and must meet the requirements of [IC 36-1-7](#); or

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(2) enter into a contract with a certified public accountant to assist the town legislative body member selected under subsection (b) in performing the duties of the clerk-treasurer's office, provided that the contract may not last longer than the remainder of the vacant clerk-treasurer's term.

(d) If, after reasonable diligence, the town is unable to meet the requirements under subsection (c), the town may hire any qualified person to perform the duties of the clerk-treasurer's office until the vacancy can be filled under [IC 3-13-9-3](#), or until the end of the current clerk-treasurer's term, whichever is first."

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. . . ."

## **CAPITAL ASSETS**

A similar comment appeared in a Management Letter addressed to the Clerk-Treasurer and Town Council for the engagement period ending December 31, 2019.

### *Condition and Context*

Internal Controls were not in place to ensure compliance with applicable laws and regulations for capital assets. A capital asset policy for the Town that detailed the threshold at which an item is considered a capital asset was not presented for review. The Town was also unable to provide a detailed listing of all capital assets owned reflecting any acquisition value or other details. Additionally, a physical inventory of capital assets had not been taken in the past two years.

### *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:

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"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. . . ."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN COUNCIL  
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The contents of this report were discussed on February 24, 2025, with Greg Yapp, ex-officio Clerk-Treasurer; Darren Ullery, President of the Town Council; Bret Joseph, Town Council member; and Pat Yapp, Deputy Clerk-Treasurer.