

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF SPRING LAKE
HANCOCK COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
08/09/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Claudetta Sue Dennemann	01-01-04 to 12-31-07
President of the Town Council	Robert Hawkins Mary Sweetland	01-01-04 to 02-20-05 02-21-05 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SPRING LAKE, HANCOCK COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Spring Lake (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 19, 2006

TOWN OF SPRING LAKE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 53,206	\$ 36,972	\$ 71,854	\$ 18,324
Motor Vehicle Highway	19,869	14,917	5,327	29,459
Local Road and Street	8,013	3,382	4,859	6,536
Law Enforcement Continuing Education	75	70	-	145
Rainy Day	-	1,780	-	1,780
Donation	337	153	-	490
Cumulative Capital Improvement	1,767	1,091	517	2,341
Cumulative Capital Development	1,741	1,035	-	2,776
Totals	<u>\$ 85,008</u>	<u>\$ 59,400</u>	<u>\$ 82,557</u>	<u>\$ 61,851</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 18,324	\$ 45,571	\$ 44,674	\$ 19,221
Motor Vehicle Highway	29,459	14,655	6,227	37,887
Local Road and Street	6,536	3,451	2,630	7,357
Law Enforcement Continuing Education	145	40	178	7
Rainy Day	1,780	-	-	1,780
Donation	490	138	148	480
Cumulative Capital Improvement	2,341	810	325	2,826
Cumulative Capital Development	2,776	1,520	-	4,296
Totals	<u>\$ 61,851</u>	<u>\$ 66,185</u>	<u>\$ 54,182</u>	<u>\$ 73,854</u>

The accompanying notes are an integral part of the schedules.

TOWN OF SPRING LAKE
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF SPRING LAKE
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

The Town did not present any 2004 bank statements. The Town also did not present receipts for the dates of January 1, 2004 to June 2, 2005. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 7)

OVERDRAWN CASH BALANCE

The cash balance of the General Operating bank account was overdrawn in May 2005 in the amount of \$981.

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SPRING LAKE
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2006, with Claudetta Sue Dennemann, Clerk-Treasurer; and Mary Sweetland, President of the Town Council. The officials concurred with our findings.