



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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April 7, 2022

TO: THE OFFICIALS OF THE TOWN OF SPRING LAKE, HANCOCK 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 Spring Lake (Town), Hancock County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifonline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ADOPTION OF, AND TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS

Condition and Context

The Town certified on Gateway that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Clerk-Treasurer indicated that the Town had not adopted the minimum internal control standards.

The Town certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Town; however, during the engagement, the Clerk-Treasurer indicated that all personnel had not received training concerning the internal control standards.

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."

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

ANNUAL FINANCIAL REPORT - BEGINNING AND ENDING BALANCES

Condition and Context

The Annual Financial Report for 2016 included the General fund and the Local, Road, and Street fund with beginning balances that were \$78,019 and \$258 more than the prior period ending balances. The Annual Financial Report for 2016 also included the Motor Vehicle Highway fund and the Rainy Day fund with beginning balances that were \$30,320 and \$200 less than the prior period ending balances.

The Annual Financial Report for 2019 included the Motor Vehicle Highway, Cumulative Capl Imprv Cigarette Tax, and CEDIT - Econ Dev Fund with beginning balances that were \$65,253, \$231, and \$5,179 more than the prior period ending balances. The Annual Financial Report for 2019 also included the General fund, Local, Road, and Street fund, Credit Special Revenue fund, and Flower fund with beginning balances that were \$24,300, \$1,491, \$3,273, and \$50 less than the prior period ending balances.

The Annual Financial Report for 2020 included the Motor Vehicle Highway fund and CEDIT - Econ Dev Fund with beginning balances that were \$16,703 and \$5,179 more than the prior period ending balances. The Annual Financial Report for 2020 also included the General fund, Local, Road, and Street fund, Credit Special Revenue fund, and Cumulative Capl Imprv Cigarette Tax fund with beginning balances that were \$13,432, \$570, \$7,387, and \$279 less than the prior period ending balance.

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

APPROPRIATIONS

The same comment appeared in prior Report B47204.

Condition and Context

The following funds had disbursements in excess of budgeted appropriations for the amounts shown below:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Local Road & Street	2018	\$ 2,085
Local Road & Street	2018	2,927
Motor Vehicle Highway	2019	88,407

Criteria

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the December 31, 2020 reconciliation did not balance. As a result, the ending cash and investments balance was \$1,746 more than the adjusted bank balance.

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 Towns, Chapter 1)

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.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 12-31-20
General	\$ 188,204
Motor Vehicle Highway	115,410
Local Road & Street	3,724
MVH Restricted Fund	8,830
Rainy Day	29,538
Credit Special Revenue	7,387
Cumulative Capl Imprv Cigarette Tax	4,971
Cumulative Capital Development	10,107
CEDIT - Econ Dev Fund	5,404
LIT Public Safety	18,262
Flower Fund	71
Total	<u>\$ 391,908</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Diana Johnson, Clerk-Treasurer, and Amy Hodgkin, President of the Town Council, on March 22, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner