

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

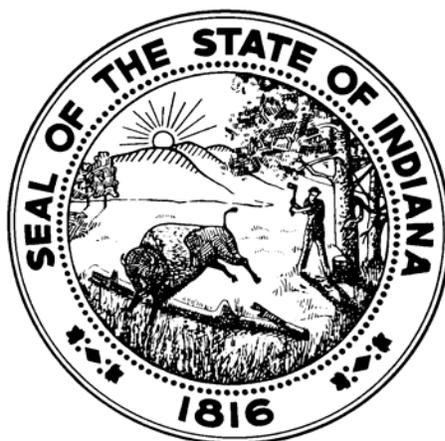
EXAMINATION REPORT

OF

TOWN OF ROACHDALE

PUTNAM COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED
7/21/06

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jennifer L. Archer	01-01-04 to 12-31-07
President of the Town Council	William R. Long	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROACHDALE, PUTNAM COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Roachdale (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

June 8, 2006

TOWN OF ROACHDALE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY 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	\$ 105,656	\$ 277,558	\$ 163,611	\$ 219,603
Motor Vehicle Highway	70,618	37,700	30,127	78,191
Local Road and Street	34,577	6,104	1,273	39,408
Park and Recreation	1,568	50	-	1,618
Law Enforcement Continuing Education	843	210	-	1,053
Criminal Law Institution Grant	-	7,400	7,139	261
Economic Development Income Tax	92,829	36,142	16,520	112,451
Rainy Day CAGIT	-	6,223	-	6,223
Rainy Day EDIT	-	4,078	-	4,078
Donation	-	782	782	-
Cumulative Capital Improvement	22,889	3,880	-	26,769
Cumulative Capital Development	41,109	15,114	1,532	54,691
Proprietary Funds:				
Water Utility - Operating	23,632	116,469	134,875	5,226
Water Utility - Reserve	6,515	4,479	4,500	6,494
Water Utility - Replacement	3,010	4,479	3,537	3,952
Water Utility - Customer Deposit	9,560	1,257	1,240	9,577
Wastewater Utility - Operating	130,279	139,130	198,076	71,333
Wastewater Utility - Bond and Interest	9,189	85	-	9,274
Wastewater Utility - Reserve	67,184	6,453	-	73,637
Gas Utility - Operating	262,246	414,344	440,952	235,638
Gas Utility - Reserve	252,051	22,258	-	274,309
Gas Utility - Replacement	206,404	21,872	8,490	219,786
Gas Utility - Customer Deposit	25,130	3,997	4,358	24,769
Fiduciary Fund:				
Payroll	7,241	279,903	263,363	23,781
Totals	<u>\$ 1,372,530</u>	<u>\$ 1,409,967</u>	<u>\$ 1,280,375</u>	<u>\$ 1,502,122</u>
	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 219,603	\$ 237,363	\$ 237,562	\$ 219,404
Motor Vehicle Highway	78,191	43,112	20,302	101,001
Local Road and Street	39,408	4,855	-	44,263
Park and Recreation	1,618	30	-	1,648
Law Enforcement Continuing Education	1,053	1,097	300	1,850
Criminal Law Institution Grant	261	-	-	261
Economic Development Income Tax	112,451	19,122	-	131,573
Rainy Day CAGIT	6,223	-	-	6,223
Rainy Day EDIT	4,078	-	-	4,078
Cumulative Capital Improvement	26,769	1,490	-	28,259
Cumulative Capital Development	54,691	3,558	-	58,249
Proprietary Funds:				
Water Utility - Operating	5,226	118,645	87,411	36,460
Water Utility - Reserve	6,494	-	-	6,494
Water Utility - Replacement	3,952	-	-	3,952
Water Utility - Customer Deposit	9,577	1,403	735	10,245
Wastewater Utility - Operating	71,333	155,726	137,118	89,941
Wastewater Utility - Bond and Interest	9,274	85	-	9,359
Wastewater Utility - Reserve	73,637	482	-	74,119
Gas Utility - Operating	235,638	567,988	640,375	163,251
Gas Utility - Reserve	274,309	2,197	-	276,506
Gas Utility - Replacement	219,786	347	-	220,133
Gas Utility - Customer Deposit	24,769	4,349	3,289	25,829
Fiduciary Fund:				
Payroll	23,781	202,327	220,815	5,293
Totals	<u>\$ 1,502,122</u>	<u>\$ 1,364,176</u>	<u>\$ 1,347,907</u>	<u>\$ 1,518,391</u>

The accompanying notes are an integral part of the schedules.

TOWN OF ROACHDALE
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, highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, gas, water, and wastewater.

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 ROACHDALE
NOTES TO SCHEDULES
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The Town has entered into various debts such as a Wastewater SRF loan and a capital lease for a Ford Explorer. The outstanding principal at December 31, 2005, was \$454,000 and \$12,785 respectively.

TOWN OF ROACHDALE
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT - TOWN AND UTILITIES

As stated in prior Audit Report B25043, an annual report for 2004 and 2005 was not presented for audit.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CERTIFIED REPORT NOT FILED - TOWN

As stated in prior Audit Report B25043, the Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2004 and 2005.

Indiana Code 5-11-13-1 states, in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

PENALTIES, INTEREST AND OTHER CHARGES - TOWN AND UTILITIES

Non-sufficient fund charges totaling \$225 were paid to Farmers State Bank for the Payroll Account in 2005. Penalties and interest to the Indiana Department of Revenue in the amount of \$1,041 for delinquent Utility Receipt Tax was paid in 2005.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPORTING DOCUMENTATION - TOWN AND UTILITIES

Several payments for the Town and Utilities were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. 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)

TOWN OF ROACHDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS - TOWN AND UTILITIES

As stated in the prior Audit Report B25043, the following prescribed or approved forms were not always in use, Simplified Cash Journal-Water Utility Class C (Form 319); Simplified Cash Journal-Wastewater Utility Class C (Form 323); Gas Utility Cash Journal Class C (Form 326) and Register of Investments (General Form 350). In addition, during 2004 and 2005, Mileage Claim (Form 101), General Claim (Form 351) and the Guarantee Deposit Register (Form 314) were not always in use. The Town and Utilities of Roachdale use Greentree software for its bookkeeping. No forms in use by Greentree have been approved by the State Board of Accounts.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY LATE FEES

Instances were noted where penalties on overdue utility bills was not charged.

It is our audit position that the 10% penalty on unpaid wastewater bills] specified in Indiana Code 36-9-23-31 should be assessed one time and one time only. Subsequent billings should not include additional assessments on this penalty. Similarly, unless specifically directed by statute, ordinance, or other legal directives, penalties on late fees for municipal utilities organized under Indiana Code 8-1.5 should be charged only one time. Future late charges should not include additional charges added to the penalties on late fees. (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 1999)

DELINQUENT ACCOUNTS RECEIVABLE - UTILITIES

As stated in the prior Audit Report B25043, Ordinance 1-1994 established the shutoff policy for delinquent customers. The Utility did not always shut off delinquent customers as required by the ordinance which has resulted in a large past due balance in accounts receivable.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

As stated in prior Audit Report B25043, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states, in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) a list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

TOWN OF ROACHDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) a description of the premises, as shown by the records of the county auditor; and
 - (C) the amount of the delinquent fees, together with the penalty; or
- (2) an individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

CAPITAL ASSET RECORDS - TOWN AND UTILITIES

The Town and Utilities do not maintain sufficient detailed records of capital assets. Records providing historical costs for the Town and Utility's capital assets are not available, and records classifying and summarizing the capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER - WATER AND GAS UTILITY

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS - TOWN AND UTILITIES

The following deficiencies, relating to the recordkeeping that were cited in the prior audit report, were again present during our period of audit:

- (1) There were a considerable number of posting errors for local tax distributions not posted to the proper funds.

TOWN OF ROACHDALE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

- (2) Documentation for remittance of payroll withholdings was not presented for audit.

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)

TOWN OF ROACHDALE
EXIT CONFERENCE

The contents of this report were discussed on June 8, 2006 ,with Jennifer L. Archer, Clerk-Treasurer; and William R. Long, President of the Town Council. The officials concurred with our findings.