

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

EXAMINATION REPORT  
OF  
TOWN OF MULBERRY  
CLINTON COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
08/23/2006



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Amy Maish

01-01-04 to 12-31-07

President of the Town Council

Paul Smith

01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MULBERRY, CLINTON COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Mulberry (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 6, 2006

TOWN OF MULBERRY  
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
<b>Governmental Funds:</b>				
General	\$ 128,601	\$ 167,419	\$ 174,896	\$ 121,124
Motor Vehicle Highway	100,141	91,164	68,006	123,299
Local Road and Street	43,558	6,232	13,302	36,488
Park and Recreation	6,017	2,375	340	8,052
Law Enforcement Continuing Education	2,354	180	622	1,912
Fire Station	7,292	495	-	7,787
Rainy Day	-	11,795	-	11,795
Recycling Gift	186	-	-	186
Cumulative Capital Improvement	35,013	5,280	15,257	25,036
Cumulative Capital Development	69,998	106,113	68,762	107,349
County Economic Development Income Tax	37,742	13,066	-	50,808
<b>Proprietary Funds:</b>				
Water Utility - Operating	13,158	649,091	558,308	103,941
Water Utility - Depreciation	19,800	700	-	20,500
Water Utility - Customer Deposit	5,354	1,780	1,300	5,834
Water Utility - Construction	642,008	45,003	602,769	84,242
Wastewater Utility - Operating	49,001	197,286	175,828	70,459
Wastewater Utility - Bond and Interest	71,948	37,800	64,838	44,910
Wastewater Utility - Depreciation	58,926	-	-	58,926
<b>Fiduciary Fund:</b>				
Payroll	725	172,529	172,505	749
<b>Totals</b>	<u>\$ 1,291,822</u>	<u>\$ 1,508,308</u>	<u>\$ 1,916,733</u>	<u>\$ 883,397</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 121,124	\$ 217,577	\$ 171,877	\$ 166,824
Motor Vehicle Highway	123,299	71,773	76,417	118,655
Local Road and Street	36,488	6,212	17,002	25,698
Park and Recreation	8,052	1,095	150	8,997
Law Enforcement Continuing Education	1,912	178	80	2,010
Fire Station	7,787	-	7,787	-
Rainy Day	11,795	-	6,372	5,423
Recycling Gift	186	-	-	186
Cumulative Capital Improvement	25,036	4,350	2,165	27,221
Cumulative Capital Development	107,349	9,317	20,145	96,521
County Economic Development Income Tax	50,808	12,409	-	63,217
<b>Proprietary Funds:</b>				
Water Utility - Operating	103,941	138,847	127,173	115,615
Water Utility - Depreciation	20,500	-	-	20,500
Water Utility - Customer Deposit	5,834	2,000	1,800	6,034
Water Utility - Construction	84,242	-	52,960	31,282
Wastewater Utility - Operating	70,459	199,648	148,828	121,279
Wastewater Utility - Bond and Interest	44,910	-	62,913	(18,003)
Wastewater Utility - Depreciation	58,926	-	-	58,926
<b>Fiduciary Fund:</b>				
Payroll	749	174,425	177,572	(2,398)
<b>Totals</b>	<u>\$ 883,397</u>	<u>\$ 837,831</u>	<u>\$ 873,241</u>	<u>\$ 847,987</u>

The accompanying notes are an integral part of the schedules.

TOWN OF MULBERRY  
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, 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 MULBERRY  
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 bonds for waterworks and wastewater improvements and additions and a loan for wastewater improvements. The outstanding principal for the Water Utility and the Wastewater Utility at December 31, 2005, was \$1,040,000 and \$433,713, respectively.

TOWN OF MULBERRY  
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Wastewater Utility Bond and Interest Fund and the Payroll Fund were overdrawn in 2005.

The fund balance of any fund may not be reduced below zero. 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)

WASTEWATER UTILITY TRANSFERS

During the audit period the Clerk-Treasurer did not make all of the required transfers from the Wastewater Utility Operating Fund to the Wastewater Utility Bond and Interest Fund as required in Ordinance 106 approved by the Town Council on April 14, 1995, authorizing the issuance of \$755,000 Sewage Works Refunding and Improvement Revenue Bonds. Total bond and interest requirements for 2004 and 2005, were \$65,782.50 and \$63,875.00, respectively. Only \$37,800.00 was transferred from the Operating Fund to the Bond and Interest Fund in 2004 and no transfers were made during 2005.

The bond ordinance stipulates that "beginning as of the date of the issuance of the Bonds, there shall be credited on the last day of each calendar month from the Revenue Fund to the Bond and Interest Account an amount of net revenues equal to at least one-sixth (1/6) of the interest on all then outstanding bonds payable on the then next succeeding interest payment date and at least one-twelfth of the principal on all then outstanding bonds payable on the then next succeeding principal payment date, until the amount of interest and principal payable on the then next succeeding respective interest and principal payment dates shall have been credited."

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)

CERTIFIED REPORT NOT FILED

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 audit period.

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."

CAPITAL ASSET RECORDS

The Clerk-Treasurer did not maintain sufficient detailed records of capital asset additions and deletions during the audit period for its Utility Plant in Service accounts and General Fixed Assets. As a result, asset balances for Utility Plant in Service and General Fixed Assets could not be determined for December 31, 2004, and December 31, 2005.

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. 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)

TOWN OF MULBERRY  
EXIT CONFERENCE

The contents of this report were discussed on July 6, 2006, with Amy Maish, Clerk-Treasurer. The official concurred with our findings.