

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

EXAMINATION REPORT

OF

TOWN OF FAIRMOUNT

GRANT COUNTY, INDIANA

January 1, 2004 to December 31, 2005



**FILED**  
08/29/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jason A. Ford	01-01-04 to 12-31-07
President of the Town Council	Melba M. Root	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 FAIRMOUNT, GRANT COUNTY, INDIANA

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

August 10, 2006

TOWN OF FAIRMOUNT  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2004

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 150,894	\$ 631,055	\$ 713,216	\$ 68,733
Motor Vehicle Highway	88,500	151,543	171,980	68,063
Local Road and Street	60,941	30,418	65,771	25,588
Park and Recreation	30,735	57,331	55,098	32,968
Law Enforcement Continuing Education	3,270	746	1,416	2,600
Riverboat	-	18,867	-	18,867
Trash	15,267	88,134	84,344	19,057
Fairmount Youth Council	159	-	-	159
Community Foundation Grant	500	-	500	-
Cumulative Capital Improvement	82,439	14,335	17,676	79,098
Cumulative Building and Fire Fighting Equipment	5,081	11,265	2,822	13,524
Park Nonreverting Capital	13,641	1,000	2,344	12,297
Proprietary Funds:				
Water Utility - Operating	21,267	359,797	364,268	16,796
Water Utility - Bond and Interest	74,563	99,444	98,745	75,262
Water Utility - Debt Service Reserve	100,000	2,632	-	102,632
Water Utility - Depreciation	58,081	38,884	50,293	46,672
Water Utility - Customer Deposit	46,550	6,150	5,345	47,355
Water Utility - Improvement	48,940	-	29,994	18,946
Wastewater Utility - Operating	62,838	385,557	372,312	76,083
Wastewater Utility - Bond and Interest	10,000	-	10,000	-
Wastewater Utility - Depreciation	123,791	37,511	39,604	121,698
Wastewater Utility - Planning	41,569	79,243	19,430	101,382
Fiduciary Fund:				
Payroll	-	682,390	682,390	-
Totals	<u>\$ 1,039,026</u>	<u>\$ 2,696,302</u>	<u>\$ 2,787,548</u>	<u>\$ 947,780</u>

The accompanying notes are an integral part of the schedules.

TOWN OF FAIRMOUNT  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 68,733	\$ 962,501	\$ 678,482	\$ 352,752
Motor Vehicle Highway	68,063	230,262	149,292	149,033
Local Road and Street	25,588	60,207	27,955	57,840
Park and Recreation	32,968	117,938	67,615	83,291
Law Enforcement Continuing Education	2,600	905	1,477	2,028
Riverboat	18,867	18,866	-	37,733
Trash	19,057	86,426	94,208	11,275
Fairmount Youth Council	159	-	-	159
Cumulative Capital Improvement	79,098	22,166	5,745	95,519
Cumulative Building and Fire Fighting Equipment	13,524	22,870	1,626	34,768
Park Nonreverting Capital	12,297	3,250	-	15,547
Proprietary Funds:				
Water Utility - Operating	16,796	410,082	374,142	52,736
Water Utility - Bond and Interest	75,262	101,828	101,197	75,893
Water Utility - Debt Service Reserve	102,632	2,032	2,823	101,841
Water Utility - Depreciation	46,672	42,138	33,457	55,353
Water Utility - Customer Deposit	47,355	7,150	7,548	46,957
Water Utility - Improvement	18,946	-	920	18,026
Wastewater Utility - Operating	76,083	373,566	397,869	51,780
Wastewater Utility - Depreciation	121,698	37,485	27,218	131,965
Wastewater Utility - Planning	101,382	78,379	1,992	177,769
Fiduciary Fund:				
Payroll	-	679,519	679,519	-
Totals	<u>\$ 947,780</u>	<u>\$ 3,257,570</u>	<u>\$ 2,653,085</u>	<u>\$ 1,552,265</u>

The accompanying notes are an integral part of the schedules.

TOWN OF FAIRMOUNT  
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, general administrative services, 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 FAIRMOUNT  
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 and utilities have entered into various debts such as revenue bonds for water plant additions and improvements; a loan for a wastewater dump truck; and capital leases for a street truck, police cars, street sweeper, fire air packs, and a sewer vacuum truck. The outstanding principal at December 31, 2005, was \$810,000; \$12,740; and \$84,093, respectively.

TOWN OF FAIRMOUNT  
EXAMINATION RESULTS AND COMMENTS

DELINQUENT WASTEWATER ACCOUNTS

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:
  - (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 capital assets acquired prior to January 1, 1997, have not been recorded. Capital assets acquired and disposed of by the Town and utilities during the audit period were not properly recorded in the capital asset records. Therefore, capital asset balances maintained for the Town and utilities were not accurate.

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)

TOWN OF FAIRMOUNT  
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Jason A. Ford, Clerk-Treasurer; Melba M. Root, President of the Town Council; and Elaine R. Underwood, Deputy Clerk-Treasurer. The officials concurred with our findings.