

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

EXAMINATION REPORT

OF

TOWN OF NEWBERRY

GREENE COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

09/20/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wilma Sipes	01-01-04 to 12-31-07
President of the Town Council	Lanny Pickett	01-01-04 to 12-31-04
	Sandra Townsend	01-01-05 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NEWBERRY, GREENE COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Newberry (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 NEWBERRY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY 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	\$ 26,317	\$ 39,460	\$ 22,392	\$ 43,385
Motor Vehicle Highway	6,595	10,690	76	17,209
Local Road and Street	2,111	1,903	303	3,711
Rainy Day	1,303	1,299	-	2,602
Cumulative Capital Improvement	2,043	769	-	2,812
Cumulative Capital Development	503	597	-	1,100
Christmas Donations	8	-	8	-
Fall Festival Donations	2,047	2,008	2,152	1,903
Memorial Fund	14,556	916	3,467	12,005
Proprietary Funds:				
Water Utility - Operating	103,345	51,500	38,726	116,119
Water Utility - Bond and Interest	3,803	5	-	3,808
Water Utility - Depreciation	5,000	-	-	5,000
Water Utility - Customer Deposit	2,762	50	-	2,812
Totals	<u>\$ 170,393</u>	<u>\$ 109,197</u>	<u>\$ 67,124</u>	<u>\$ 212,466</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 43,385	\$ 33,775	\$ 20,001	\$ 57,159
Motor Vehicle Highway	17,209	10,340	17,051	10,498
Local Road and Street	3,711	1,875	-	5,586
Rainy Day	2,602	1,299	-	3,901
Cumulative Capital Improvement	2,812	637	-	3,449
Cumulative Capital Development	1,100	498	723	875
Fall Festival Donations	1,903	2,344	2,888	1,359
Memorial Fund	12,005	-	-	12,005
Proprietary Funds:				
Water Utility - Operating	116,119	61,243	57,175	120,187
Water Utility - Bond and Interest	3,808	1	3,809	-
Water Utility - Depreciation	5,000	-	5,000	-
Water Utility - Customer Deposit	2,812	450	922	2,340
Totals	<u>\$ 212,466</u>	<u>\$ 112,462</u>	<u>\$ 107,569</u>	<u>\$ 217,359</u>

The accompanying notes are an integral part of the schedules.

TOWN OF NEWBERRY
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, general administrative services and water.

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.

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.

Note 6. Long-Term Debt

The Town has entered into debt such as bonds for Water Storage Tank and Treatment Plant Improvements. The outstanding principal at December 31, 2005, was \$72,786.

TOWN OF NEWBERRY
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
General Fund	2005	\$ 20,001
Motor Vehicle Highway	2005	17,051
Cumulative Capital Development	2005	723

The Department of Local Government Finance denied the budget due to it not being properly advertised.

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."

CUSTOMER DEPOSIT REGISTER

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)

CAPITAL ASSET RECORDS

The Town and Water Utility do not maintain capital asset records.

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 NEWBERRY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

- (1) Claims were not prepared for all disbursements.
- (2) Claims or invoices did not have evidence to support receipt of goods or services.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF NEWBERRY
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Wilma Sipes, Clerk-Treasurer. The official concurred with our findings.