

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT

OF

TOWN OF FILLMORE

PUTNAM COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

05/16/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Maxine Davies	01-01-04 to 12-31-07
President of the Town Council	Margaret Alexander	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF the TOWN OF FILLMORE, PUTNAM COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Fillmore (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt as listed in the Table of Contents is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

April 30, 2007

TOWN OF FILLMORE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 36,215	\$ 57,169	\$ 54,470	\$ 38,914
Motor Vehicle Highway	29,584	23,441	26,673	26,352
Local Road and Street	12,275	3,525	10,000	5,800
Park and Recreation Donation	498	-	-	498
Law Enforcement Continuing Education	422	135	247	310
Nuisance Fines	1,002	45	405	642
Rainy Day	2,596	-	-	2,596
Donation	71	19	-	90
Law Enforcement Block Grant	699	-	-	699
Cumulative Capital Improvement	3,545	1,685	-	5,230
Proprietary Funds:				
Water Utility - Operating	12,446	87,409	94,786	5,069
Water Utility - Bond and Interest	-	2,600	-	2,600
Water Utility - Depreciation	-	1,300	-	1,300
Water Utility - Customer Deposit	3,935	500	460	3,975
Wastewater Utility - Operating	62,294	214,274	202,215	74,353
Wastewater Utility - Bond and Interest	2,426	2,600	-	5,026
Wastewater Utility - Depreciation	2,032	3,792	-	5,824
Wastewater Utility - Customer Deposit	2,515	1,650	115	4,050
Totals	<u>\$ 172,555</u>	<u>\$ 400,144</u>	<u>\$ 389,371</u>	<u>\$ 183,328</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 38,914	\$ 54,674	\$ 56,126	\$ 37,462
Motor Vehicle Highway	26,352	28,554	25,662	29,244
Local Road and Street	5,800	3,445	8,500	745
Park and Recreation Donation	498	-	-	498
Law Enforcement Continuing Education	310	120	-	430
Nuisance Fines	642	25	-	667
Rainy Day	2,596	-	-	2,596
Donation	90	25	-	115
Law Enforcement Block Grant	699	-	-	699
Cumulative Capital Improvement	5,230	1,947	-	7,177
Proprietary Funds:				
Water Utility - Operating	5,069	90,826	86,377	9,518
Water Utility - Bond and Interest	2,600	2,400	-	5,000
Water Utility - Depreciation	1,300	1,200	-	2,500
Water Utility - Customer Deposit	3,975	2,075	-	6,050
Wastewater Utility - Operating	74,353	198,084	183,275	89,162
Wastewater Utility - Bond and Interest	5,026	2,400	4,125	3,301
Wastewater Utility - Depreciation	5,824	3,500	-	9,324
Wastewater Utility - Customer Deposit	4,050	1,125	-	5,175
Totals	<u>\$ 183,328</u>	<u>\$ 390,400</u>	<u>\$ 364,065</u>	<u>\$ 209,663</u>

The accompanying notes are an integral part of the schedules.

TOWN OF FILLMORE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, 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 FILLMORE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Restatements

For the year ended December 31, 2004, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town of Fillmore. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent corrections to cash balances.

Opinion Unit	Balance as Reported December 31, 2004	Prior Period Adjustments	Balance as Restated January 1, 2005
General Fund	\$ -	\$ 36,215	\$ 36,215
Motor Vehicle Highway Fund	26,764	2,820	29,584
Water Utility - Operating	27,285	(14,839)	12,446
Wastewater Utility - Operating	67,002	(4,708)	62,294
Wastewater Utility - Bond and Interest	11,373	(8,947)	2,426
Wastewater Utility - Depreciation	12,572	(10,540)	2,032

TOWN OF FILLMORE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Business-type Activities:		
Water Utility		
Notes and loans payable:		
Rural Development Loan	\$	<u>274,000</u>
Wastewater Utility		
Notes and loans payable:		
Rural Development Loan		<u>762,865</u>
Total business-type activities long-term debt:	\$	<u><u>1,036,865</u></u>

TOWN OF FILLMORE
EXAMINATION RESULTS AND COMMENTS

ADVANCE PAYMENTS - TOWN AND UTILITIES

As stated in the prior Report B26603, dates of payroll transactions indicate that some payments were made to individuals prior to the receipt of services.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SERVICE AND TIME RECORDS - TOWN AND UTILITIES

As stated in the prior Reports B20644 and B26603, employee time, attendance, or service records were not maintained and presented for audit.

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)

BANK ACCOUNT RECONCILIATIONS - TOWN

As stated in prior Report B26603, depository reconciliations of the Town fund balances to the bank account balance were not presented for audit or were incorrect.

Indiana Code 5-13-6-1(e) states in part: "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."

ERRORS ON CLAIMS - WASTEWATER AND WATER UTILITY

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

- (1) Claims were not prepared for four disbursements tested.

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;

TOWN OF FILLMORE
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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 FILLMORE
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2007, with Maxine Davie, Clerk-Treasurer; and Margaret Alexander, President of the Town Council.