

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

EXAMINATION REPORT

OF

TOWN OF UNIVERSAL

VERMILLION COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
07/31/2007



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Connie Conner

01-01-04 to 12-31-07

President of the Town Council

Mike Domeika

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 UNIVERSAL, VERMILLION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Universal (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.

STATE BOARD OF ACCOUNTS

June 18, 2007

TOWN OF UNIVERSAL  
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
<b>Governmental Funds:</b>				
General	\$ 7,162	\$ 14,544	\$ 13,339	\$ 8,367
Motor Vehicle Highway	5,018	15,407	12,061	8,364
Local Road and Street	4,119	2,787	6,220	686
Park and Recreation	21,873	3,215	10,120	14,968
Law Enforcement Continuing Education	1,203	1,166	1,839	530
Cumulative Capital Improvement	1,813	1,295	1,270	1,838
<b>Proprietary Funds:</b>				
Water Utility - Operating	75,545	79,918	74,608	80,855
Water Utility - Bond and Interest	-	9,043	5,535	3,508
Water Utility - Customer Deposit	8,447	1,600	1,174	8,873
Water Utility - Debt Service	-	1,879	-	1,879
Water Utility - Improvement	-	4,200	-	4,200
<b>Totals</b>	<b>\$ 125,180</b>	<b>\$ 135,054</b>	<b>\$ 126,166</b>	<b>\$ 134,068</b>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
<b>Governmental Funds:</b>				
General	\$ 8,367	\$ 14,796	\$ 16,569	\$ 6,594
Motor Vehicle Highway	8,364	15,428	15,739	8,053
Local Road and Street	686	5,671	5,356	1,001
Park and Recreation	14,968	3,046	14,774	3,240
Law Enforcement Continuing Education	530	143	544	129
Cumulative Capital Improvement	1,838	4,497	3,369	2,966
<b>Proprietary Funds:</b>				
Water Utility - Operating	80,855	73,423	90,049	64,229
Water Utility - Bond and Interest	3,508	9,043	9,835	2,716
Water Utility - Customer Deposit	8,873	2,196	1,106	9,963
Water Utility - Debt Service	1,879	1,879	-	3,758
Water Utility - Improvement	4,200	4,200	-	8,400
<b>Totals</b>	<b>\$ 134,068</b>	<b>\$ 134,322</b>	<b>\$ 157,341</b>	<b>\$ 111,049</b>

The accompanying notes are an integral part of the financial information.

TOWN OF UNIVERSAL  
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, 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.

TOWN OF UNIVERSAL  
EXAMINATION RESULTS AND COMMENTS

ADVANCE PAYMENTS (Town)

Employees were paid at the beginning of the month in advance of hours earned.

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)

BANK ACCOUNT RECONCILIATIONS (Town and Water Utility)

Depository reconciliations of the fund balances to the bank account balances presented for audit 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."

CAPITAL ASSET RECORDS (Town and Water Utility)

The Town and Water Utility do not maintain sufficient detailed records of capital assets. Records providing historical costs for any of the Town or Water Utility's capital assets are not available, and records classifying and summarizing the Town and Water Utility's capital assets are also not available. 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. 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)

COMPENSATION AND BENEFITS (Town and Water Utility)

Town officials and employees received salary payments for 2005 and 2006 which were not included in a salary ordinance or resolution. Town officials and employees were paid the same salaries as in prior years.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DISBURSEMENTS WITHOUT APPROPRIATIONS (Town)

Formal budgets and appropriations were not found to have been prepared and approved for the following funds: General Fund, Motor Vehicle and Highway, Local Road and Street, and Cumulative Capital Improvement.

TOWN OF UNIVERSAL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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."

ERRORS ON CLAIMS (Town and Water Utility)

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

- (1) Claims were not adequately itemized.
- (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."

OPTICAL IMAGES OF WARRANTS (Town and Water Utility)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks, states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

TOWN OF UNIVERSAL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

PREScribed FORMS (Town and Water Utility)

The following prescribed or approved forms were not always in use:

Water Utility Simplified Cash Journal (Form 319)  
Capital Assets Ledger (City and Town Form 211)  
Ledger of Appropriations, Encumbrances and Balances (City and Town Form 209)

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)

PUBLIC RECORDS RETENTION (Town)

January 2005 and 2006 claims and other supporting documentation records were not presented for audit.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, 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)

STATE AGENCIES - COMPLIANCE REQUIREMENTS (Town)

The Town did not comply with directives of the State Board of Accounts by submitting an incorrect CTAR-1 for the years 2005 and 2006, respectively, and failing to submit form 100R.

TOWN OF UNIVERSAL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF UNIVERSAL  
EXIT CONFERENCE

The contents of this report were discussed on June 21, 2007, with Connie Conner, Clerk-Treasurer. The official concurred with our findings.