

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

EXAMINATION REPORT

OF

TOWN OF AMBIA

BENTON COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
08/27/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Audrey Marko
Christine M. Brost

01-01-04 to 04-04-07
04-05-07 to 12-31-07

President of the Town Council

Orlando Cantu

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 AMBIA, BENTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Ambia (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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 3, 2007

TOWN OF TOWN OF AMBIA
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	\$ 15,815	\$ 47,957	\$ 60,633	\$ 3,139
Motor Vehicle Highway	76,830	6,561	9,768	73,623
Local Road and Street	25,489	1,071	268	26,292
Park Donation Fund	1,691	14,036	15,047	680
Fire Truck Project	16,909	63,196	78,906	1,199
Cumulative Capital Improvement	5,585	613	1,500	4,698
Levy Excess	-	580	-	580
Proprietary Funds:				
Water Utility - Operating	50,092	42,458	67,334	25,216
Water Utility - Depreciation	1,559	-	-	1,559
Water Utility - Customer Deposit	2,939	325	-	3,264
Water Project - Grant Match	1,050	-	-	1,050
Totals	<u>\$ 197,959</u>	<u>\$ 176,797</u>	<u>\$ 233,456</u>	<u>\$ 141,300</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 3,139	\$ 58,877	\$ 46,034	\$ 15,982
Motor Vehicle Highway	73,623	8,556	5,174	77,005
Local Road and Street	26,292	1,239	600	26,931
Park Donation Fund	680	3,936	3,101	1,515
Fire Truck Project	1,199	-	268	931
Cumulative Capital Improvement	4,698	709	4,293	1,114
Excess Levy	580	-	580	-
Proprietary Funds:				
Water Utility - Operating	25,216	43,843	68,852	207
Water Utility - Depreciation	1,559	-	-	1,559
Water Utility - Customer Deposit	3,264	1,151	48	4,367
Water Project - Grant Match	1,050	-	-	1,050
Totals	<u>\$ 141,300</u>	<u>\$ 118,311</u>	<u>\$ 128,950</u>	<u>\$ 130,661</u>

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

TOWN OF AMBIA
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, highways and streets, culture and recreation, 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. 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 AMBIA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 10,792
Machinery and equipment	<u>195,030</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 205,822</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 246
Buildings	30,647
Improvements other than buildings	602,860
Machinery and equipment	<u>120,650</u>
Total Water Utility capital assets	<u>754,403</u>
Total business-type activities capital assets	<u>\$ 754,403</u>

TOWN OF AMBIA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Business-type Activities:		
Water Utility		
Loan Payable	\$ 24,855	\$ 4,560
Total Water Utility	24,855	4,560
Total business-type activities long-term debt:	\$ 24,855	\$ 4,560

TOWN OF AMBIA
EXAMINATION RESULTS AND COMMENTS

RECEIPT ISSUANCE

The only receipts issued or recorded were for meter deposits and utility payments, when requested. No receipts were written for civil fund monies received.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS

As stated in the prior Report B26604, in numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

UTILITY RECEIPTS TAX

As noted in prior Report B26604 and during the current examination period, the Ambia Water Utility did not pay Utility Receipts Tax to the Indiana Department of Revenue.

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2006	\$ <u>228</u>

TOWN OF AMBIA
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."

PENALTIES, INTEREST AND OTHER CHARGES

In some cases, amounts payable to Indiana Department of Revenue for sales tax remittance were being paid late.

Penalties and interest totaling \$60.83 were paid to or assessed by the Indiana Department of Revenue for the period examined.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

No salary ordinance was approved for 2005 or 2006.

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)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded in the simplified 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)

TOWN OF AMBIA
EXIT CONFERENCE

The contents of this report were discussed on July 3, 2007, with Audrey Marko, former Clerk-Treasurer; and Christine M. Brost, Clerk-Treasurer. The officials concurred with our findings.