

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

EXAMINATION REPORT

OF

TOWN OF MARKLEVILLE

MADISON COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
10/10/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mark E. Evans	01-01-04 to 12-31-07
President of the Town Council	Sally Gustin	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 MARKLEVILLE, MADISON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Markleville (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

August 27, 2007

TOWN OF MARKLEVILLE
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	\$ 71,314	\$ 75,797	\$ 85,915	\$ 61,196
Motor Vehicle Highway	36,253	11,999	24,521	23,731
Local Road and Street	347	4,002	-	4,349
Park Donations	4,574	71	-	4,645
Law Enforcement Continuing Education	300	-	-	300
Cable Franchise	3,344	37	-	3,381
Community Building	2,619	17	159	2,477
Food and Beverage Memorial Square	7,947	50	-	7,997
Cumulative Capital Improvement	8,361	1,184	-	9,545
Food and Beverage Town Hall	754	2	-	756
Police Equipment	2,093	11	-	2,104
Levy Excess	3,647	-	-	3,647
Proprietary Funds:				
Water Utility - Operating	69,874	138,543	140,632	67,785
Water Utility - Bond and Interest	2,788	25,441	25,428	2,801
Water Utility - Depreciation	250	-	-	250
Totals	<u>\$ 214,465</u>	<u>\$ 257,154</u>	<u>\$ 276,655</u>	<u>\$ 194,964</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 61,196	\$ 156,851	\$ 115,042	\$ 103,005
Motor Vehicle Highway	23,731	14,372	11,469	26,634
Local Road and Street	4,349	3,861	-	8,210
Park Donations	4,645	-	-	4,645
Law Enforcement Continuing Education	300	180	-	480
Cable Franchise	3,381	85	-	3,466
Community Building	2,477	34	-	2,511
Food and Beverage Memorial Square	7,997	52	-	8,049
Cumulative Capital Improvement	9,545	1,368	-	10,913
Food and Beverage Town Hall	756	2	-	758
Police Equipment	2,104	26,403	6,825	21,682
Levy Excess	3,647	-	-	3,647
Proprietary Funds:				
Water Utility - Operating	67,785	153,000	179,593	41,192
Water Utility - Bond and Interest	2,801	25,070	25,060	2,811
Water Utility - Depreciation	250	-	-	250
Totals	<u>\$ 194,964</u>	<u>\$ 381,278</u>	<u>\$ 337,989</u>	<u>\$ 238,253</u>

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

TOWN OF MARKLEVILLE
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 MARKLEVILLE
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

The Town Council minutes presented for examination were not complete. The Town uses a tape recorder to record the meetings and, in some instances, the recordings indicated that the tape recorder had not recorded portions of some meetings. Also, several copies of the minutes were not signed.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes take, by individual members if there is a roll call.
- (5) An additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination or were incorrect. A similar comment appeared in the prior Report B26065.

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 – (Applies to Town)

The Town does not maintain adequate records that include asset inventories, additions, deletions, or accumulated depreciation. A similar comment has appeared in the previous two reports.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

OFFICIAL BOND

The official bonds for the Clerk-Treasurer have not been filed in the Office of the County Recorder. A similar comment appeared in the prior Report B26065.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

TOWN OF MARKLEVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Town had money due from the Town however; the list of Town employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

ELECTED OFFICIAL SALARIES

The Town Council approved Ordinance 2006-1 that reduced their pay by \$300 per member for 2006. The pay was set at \$1,500 for 2005. The Town Council members were paid \$1,200 in 2006.

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section "compensation" means the total of money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of its own members, the town clerk-treasurer, and the town marshal. The legislative body shall provide reasonable compensation for other town officers and employees.

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year."

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that appeared in the prior Report B26065, were again present during the current period of examination:

- (1) Record balances were not reconciled to depository balances.

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

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, checks and receipts not recorded in the proper amounts, totals not properly carried forward in ledgers, and interest not posted.

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)

TOWN OF MARKLEVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS – (Applies to Wastewater Utility)

The Utility does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. A similar comment appeared in the two previous reports.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

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. The Town is using a collection agency rather than turning the delinquent accounts over to the County Auditor. A similar comment appeared in Report B26065.

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. . . ."

TOWN OF MARKLEVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

DELINQUENT EMPLOYEE WASTEWATER ACCOUNT

An employee of the Town is delinquent in payment of their Wastewater account charges. The amount in arrears as of December 2006, including the amount that was sent to collection in December 2005, is in excess of \$500. During 2006, one payment of \$200 was posted to the employee's account.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MARKLEVILLE
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2007, with Mark E. Evans, Clerk-Treasurer; and Sally Gustin, President of the Town Council. The officials concurred with our findings.