

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

EXAMINATION REPORT

OF

TOWN OF ANDREWS

HUNTINGTON COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
11/16/2007



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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Kathy Juillerat

01-01-04 to 12-31-07

President of the Town Council

Robert Gray

01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ANDREWS, HUNTINGTON COUNTY, INDIANA

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

October 29, 2007

TOWN OF ANDREWS  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY 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	\$ 301,900	\$ 347,776	\$ 312,590	\$ 337,086
Motor Vehicle Highway	94,000	63,322	88,357	68,965
Local Road and Street	20,328	7,378	14,481	13,225
Park and Recreation	4,233	2,062	997	5,298
Law Enforcement Continuing Education	508	132	-	640
Riverboat	16,291	8,134	-	24,425
Rainy Day	20,200	-	-	20,200
Trash Pickup	7,817	33,875	30,377	11,315
Firefighting	34,549	37,921	28,863	43,607
Community Building	4,291	-	-	4,291
Cumulative Capital Improvement	9,975	3,988	1,031	12,932
Cumulative Firefighting Equipment	13,318	4,468	-	17,786
Cumulative Capital Development	20,170	6,701	1,540	25,331
Economic Development Income Tax	77,714	46,166	31,073	92,807
Proprietary Funds:				
Water Utility - Operating	39,758	229,148	196,855	72,051
Water Utility - Bond and Interest	62,348	12,000	24,530	49,818
Water Utility - Depreciation	43,331	15,269	50,000	8,600
Water Utility - Customer Deposit	22,391	4,800	3,050	24,141
Water Utility - Reserve	59,213	5,040	-	64,253
Water Utility - Tower Maintenance	7,200	2,400	-	9,600
Wastewater Utility - Operating	131,972	206,734	286,952	51,754
Wastewater Utility - Depreciation	72,810	14,438	50,000	37,248
Fiduciary Fund:				
Payroll	534	351,355	351,889	-
Totals	<u>\$ 1,064,851</u>	<u>\$ 1,403,107</u>	<u>\$ 1,472,585</u>	<u>\$ 995,373</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 337,086	\$ 285,359	\$ 315,181	\$ 307,264
Motor Vehicle Highway	68,965	136,250	80,524	124,691
Local Road and Street	13,225	7,205	-	20,430
Park and Recreation	5,298	5,233	591	9,940
Law Enforcement Continuing Education	640	523	-	1,163
Riverboat	24,425	8,119	10,898	21,646
Rainy Day	20,200	-	-	20,200
Trash Pickup	11,315	32,662	33,187	10,790
Firefighting	43,607	35,423	24,615	54,415
Levy Excess	-	4,454	4,454	-
Community Building	4,291	-	-	4,291
Cumulative Capital Improvement	12,932	4,609	7,000	10,541
Cumulative Firefighting Equipment	17,786	3,888	67	21,607
Cumulative Capital Development	25,331	5,831	3,321	27,841
Economic Development Income Tax	92,807	51,901	43,078	101,630
Proprietary Funds:				
Water Utility - Operating	72,051	172,038	153,187	90,902
Water Utility - Bond and Interest	49,818	-	25,250	24,568
Water Utility - Depreciation	8,600	14,320	-	22,920
Water Utility - Customer Deposit	24,141	6,700	4,620	26,221
Water Utility - Reserve	64,253	-	-	64,253
Water Utility - Tower Maintenance	9,600	2,400	-	12,000
Wastewater Utility - Operating	51,754	468,667	502,737	17,684
Wastewater Utility - Depreciation	37,248	14,829	20,089	31,988
Wastewater Utility - Customer Deposit	-	10,000	-	10,000
Fiduciary Fund:				
Payroll	-	337,561	337,561	-
Totals	<u>\$ 995,373</u>	<u>\$ 1,607,972</u>	<u>\$ 1,566,360</u>	<u>\$ 1,036,985</u>

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

TOWN OF ANDREWS  
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, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water and wastewater.

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 ANDREWS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF ANDREWS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

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.

General infrastructure assets completed in the current years have been reported. Retroactive reporting of general infrastructure assets is not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 191,672
Infrastructure	55,579
Buildings	123,173
Improvements other than buildings	533,520
Machinery and equipment	<u>479,969</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,383,913</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 17,550
Buildings	33,181
Improvements other than buildings	1,240,556
Machinery and equipment	<u>43,653</u>
Total Water Utility capital assets	<u>1,334,940</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	12,170
Buildings	3,203
Improvements other than buildings	1,939,423
Machinery and equipment	<u>151,859</u>
Total Wastewater Utility capital assets	<u>2,106,655</u>
Total business-type activities capital assets	<u>\$ 3,441,595</u>

TOWN OF ANDREWS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2004 Case Tractor	\$ 4,161	\$ 1,387
Business-type Activities:		
Water Utility		
Revenue bonds:		
1990 Water Improvement Revenue Bonds	\$ 64,000	\$ 2,410
Wastewater Utility		
Notes and loans payable:		
Norwood Construction Assistance	255,964	29,246
Total business-type activities debt	<u>\$ 319,964</u>	<u>\$ 31,656</u>

TOWN OF ANDREWS  
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

Receipts were not always deposited by the next business day. Receipts for Utility bills were collected and held for several days before deposited. In some instances, receipts were held up to seven days before being deposited.

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."

DISPOSITION OF ASSETS

The President of the Town Council approved the transfer of ownership of a 1975 Chevrolet Fire Truck to the Andrews Volunteer Fire Department. The Andrews Volunteer Fire Department, subsequently, sold the vehicle for \$500. This transfer of ownership was not discussed at a public meeting and therefore, was not approved by a majority vote of the Town Council.

Indiana Code 5-22-22-12(e) states in part: "A governmental body may transfer title of surplus property to a volunteer fire department under this section by:

- (1) sale;
- (2) gift; or . . . "

TOWN OF ANDREWS  
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2007, with Kathy Juillerat, Clerk-Treasurer; and Robert Gray, President of the Town Council. The official response has been made a part of this report and may be found on pages 11 and 12.

# **Town of Andrews**

66 N. Main St.  
Andrews, IN. 46702  
786-3848

October 31, 2007

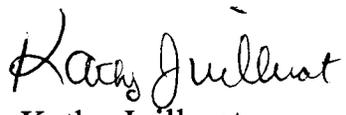
To: State Board of Accounts

Re: Examination Findings

This letter is in response to the finding of the Town of Andrews recent State Board of Accounts examination. We are taking exception to the findings:

1. I feel it is not cost effective to have to make a daily deposit for a few minimum billing utility payments. It takes the Clerk-Treasurer's office the same amount of steps to do a deposit for a few payments as it does 10 or more. This takes about 2 hours per day when you include the fact that Andrews does not have a bank branch and the deposit must be driven approximately 15 miles to the bank. This does not even take into consideration the price of fuel. So I feel it is costing the Town of Andrews about \$35.00 - \$40.00 to make a deposit at the bank. I feel this is not cost effective when you take into consideration the amount of interest that will be paid to the town on a \$100.00 - \$200.00 or possibly less deposit.
2. I understand I made an error on the selling of the outdated fire truck Which was no longer being used by the Town of Andrews. It is hard as a Town Board President to know and remember all of the I.C. codes and I fully take responsibility for this error.

Sincerely,

Handwritten signature of Kathy Juillerat in cursive script.

Kathy Juillerat  
Town of Andrews  
Clerk-Treasurer

Handwritten signature of Bob Gray in cursive script.

Bob Gray  
Town of Andrews  
Town Council President