

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

EXAMINATION REPORT
OF
TOWN OF NEW MIDDLETOWN
HARRISON COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
08/22/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Cyndi Mattingly

01-01-04 to 12-31-11

President of the Town Council

Larry Mattingly

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NEW MIDDLETOWN, HARRISON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of New Middletown (Town), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

July 7, 2008

TOWN OF NEW MIDDLETOWN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 134,364	\$ 31,513	\$ 57,424	\$ 108,453
Motor Vehicle Highway	6,286	2,975	1,926	7,335
Local Road and Street	3,924	865	-	4,789
Cumulative Capital Improvement	674	275	-	949
Festival	367	-	-	367
Totals	<u>\$ 145,615</u>	<u>\$ 35,628</u>	<u>\$ 59,350</u>	<u>\$ 121,893</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 108,453	\$ 39,833	\$ 26,998	\$ 121,288
Motor Vehicle Highway	7,335	2,929	1,679	8,585
Local Road and Street	4,789	857	-	5,646
Cumulative Capital Improvement	949	270	-	1,219
Festival	367	-	-	367
Totals	<u>\$ 121,893</u>	<u>\$ 43,889</u>	<u>\$ 28,677</u>	<u>\$ 137,105</u>

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

TOWN OF NEW MIDDLETOWN
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 (fire), highways and streets, public improvements, 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 NEW MIDDLETOWN
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2006	<u>\$ 4,494</u>

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."

CAPITAL ASSET RECORDS

The Town did not maintain a record of capital asset additions or disposals. An inventory of capital assets was not presented for examination.

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, City and Town Form 211, or properly approved form, as applicable. 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)

ANNUAL REPORTS

The Annual Reports (CTAR-1) for the years 2006 and 2007 were not presented for examination.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

1. Ledger of Receipts, Disbursements and Balances, City and Town Form 208.
2. Ledger of Appropriations, Encumbrances, Disbursements and Balances, City and Town Form 209.
3. Capital Asset Ledger, City and Town Form 211.

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 NEW MIDDLETOWN
EXAMINATION RESULTS AND COMMENTS
(Continued)

PAYMENT FOR STREET LIGHTING FROM MOTOR VEHICLE HIGHWAY FUND

The records presented for examination indicated the following disbursements from the motor vehicle highway fund:

Description of Disbursements	Year 2006	Year 2007
Street lighting	\$ 1,603	\$ 1,466
Town hall	40	130
Holiday lighting	283	83
Totals	\$ 1,926	\$ 1,679

For the years 2006 and 2007, the general fund disbursed \$2,293 and \$3,129, respectively, for street lighting. The total disbursements for street lighting for the years 2006 and 2007 were \$3,896 and \$4,595, respectively.

Several months of utility bills were paid from the motor vehicle highway fund. The total disbursed was less than the total disbursements each year for street lighting.

In Official Opinion 20 of 1950 the Attorney General held that if the installation of ornamental street lighting is a matter of traffic safety, it is within the permission of the statute. Whether it is a matter of traffic safety is a question of fact to be determined in each instance from all the surrounding facts and circumstances.

Based upon the foregoing, it is our audit position that if in the written opinion of a city or town attorney it is held that street lighting is a matter of traffic safety, we would not take exception to a city or town using motor vehicle highway funds for such purpose.

(Cities and Towns Bulletin and Uniform Compliance Guidelines, December 2006)

TOWN OF NEW MIDDLETOWN
EXIT CONFERENCE

The contents of this report were discussed on July 7, 2008, with Larry Mattingly, President of the Town Council; and Cyndi Mattingly, Clerk-Treasurer. The officials concurred with our findings.