

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

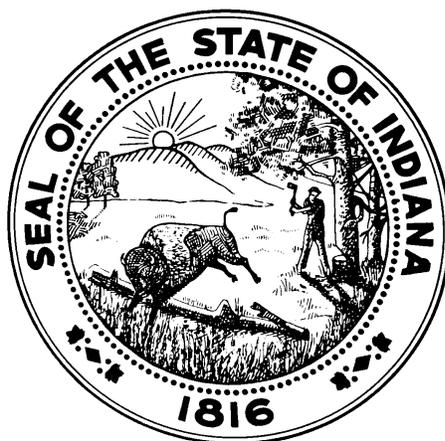
EXAMINATION REPORT

OF

TOWN OF MOUNT SUMMIT

HENRY COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
08/27/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon Jessup	01-01-04 to 12-31-07
	Sharon Hillman	01-01-08 to 02-10-08
	Vacant	02-11-08 to 02-21-08
	Sharon Jessup	02-22-08 to 12-31-11
President of the Town Council	Betty Gipe	01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MOUNT SUMMIT, HENRY COUNTY, INDIANA

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

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

August 11, 2008

TOWN OF MOUNT SUMMIT
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, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 25,564	\$ 18,206	\$ 20,671	\$ 23,099
Motor Vehicle Highway	14,801	15,198	3,321	26,678
Local Road and Street	16,396	1,920	1,957	16,359
Cemetery Maintenance	18,097	33,349	23,781	27,665
Riverboat	5,927	1,969	-	7,896
Donation	-	850	800	50
State Revolving Loan	(1,789)	1,789	-	-
Proprietary Funds:				
Water Utility - Operating	(6,253)	143,999	134,569	3,177
Water Utility - Depreciation	18,850	2,400	10,621	10,629
Water Utility - Customer Deposit	6,051	1,200	3,116	4,135
Water Utility - SRF Bond and Interest	59,060	24,000	63,815	19,245
Fiduciary Funds:				
Cemetery Endowment	55,533	2,129	2,129	55,533
Payroll	(74,271)	74,793	22,790	(22,268)
Totals	<u>\$ 137,966</u>	<u>\$ 321,802</u>	<u>\$ 287,570</u>	<u>\$ 172,198</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 23,099	\$ 19,848	\$ 24,203	\$ 18,744
Motor Vehicle Highway	26,678	15,074	6,781	34,971
Local Road and Street	16,359	2,013	3,841	14,531
Cemetery Maintenance	27,665	27,681	27,601	27,745
Riverboat	7,896	1,974	7,896	1,974
Donation	50	50	40	60
Proprietary Funds:				
Water Utility - Operating	3,177	144,114	108,409	38,882
Water Utility - Depreciation	10,629	2,400	11,350	1,679
Water Utility - Customer Deposit	4,135	830	695	4,270
Water Utility - SRF Bond and Interest	19,245	24,000	4,553	38,692
Fiduciary Funds:				
Cemetery Endowment	55,533	2,490	2,490	55,533
Payroll	(22,268)	46,179	23,911	-
Totals	<u>\$ 172,198</u>	<u>\$ 286,653</u>	<u>\$ 221,770</u>	<u>\$ 237,081</u>

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

TOWN OF MOUNT SUMMIT
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: cemetery, street maintenance, general administrative services and water utility 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 MOUNT SUMMIT
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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 MOUNT SUMMIT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Infrastructure	\$ 46,500
 Total governmental activities, capital assets not being depreciated	 <u>\$ 46,500</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 2,000
Buildings	4,100
Improvements other than buildings	1,353,117
Machinery and equipment	<u>68,879</u>
 Total Water Utility capital assets	 <u>1,428,096</u>
 Total business-type activities capital assets	 <u>\$ 1,428,096</u>

TOWN OF MOUNT SUMMIT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Plant Improvements	\$ 314,000	\$ 26,845
Total business-type activities debt:	<u>\$ 314,000</u>	<u>\$ 26,845</u>

TOWN OF MOUNT SUMMIT
EXAMINATION RESULTS AND COMMENTS

CORRECTION OF ERRORS

Some corrections and adjustments were made in the records without retaining recommended documentation.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES

Penalties totaling \$97.64 were paid to the Indiana Department of Revenue on April 13, 2007, for Utility Receipts Taxes underpaid in 2006.

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)

TOWN OF MOUNT SUMMIT
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2008, with Sharon Jessup, Clerk-Treasurer; and Betty Gipe, President of the Town Council. The officials concurred with our findings.