

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

EXAMINATION REPORT
OF
TOWN OF AMBOY
MIAMI COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
10/09/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Lou Ann Sharp
Danyel M. Miller

01-01-04 to 12-31-07
01-01-08 to 12-31-11

President of the Town Council

Jack Hunt

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 AMBOY, MIAMI COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Amboy (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 Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 20, 2008

TOWN OF AMBOY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY 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	\$ 20,744	\$ 59,307	\$ 67,232	\$ 12,819
Motor Vehicle Highway	79,645	13,168	1,003	91,810
Local Road and Street	17,717	2,080	-	19,797
Law Enforcement Continuing Education	772	-	-	772
Criminal Justice	11	-	-	11
Build Indiana	52	-	-	52
Cumulative Capital Improvement	13,395	1,286	-	14,681
County Economic Development Income Tax	15,159	1,676	-	16,835
Amboy Festival	67	-	-	67
Proprietary Funds:				
Wastewater Utility - Operating	20,457	398,001	404,758	13,700
Wastewater Utility - Bond and Interest	-	66,432	-	66,432
Totals	<u>\$ 168,019</u>	<u>\$ 541,950</u>	<u>\$ 472,993</u>	<u>\$ 236,976</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 12,819	\$ 56,919	\$ 63,504	\$ 6,234
Motor Vehicle Highway	91,810	12,602	82,641	21,771
Local Road and Street	19,797	2,325	-	22,122
Park and Recreation	-	5,000	2,673	2,327
Law Enforcement Continuing Education	772	-	-	772
Criminal Justice	11	-	-	11
Build Indiana	52	-	-	52
Cumulative Capital Improvement	14,681	1,264	-	15,945
County Economic Development Income Tax	16,835	4,404	10,821	10,418
Amboy Festival	67	-	67	-
Proprietary Funds:				
Wastewater Utility - Operating	13,700	265,957	272,174	7,483
Wastewater Utility - Bond and Interest	66,432	66,000	66,129	66,303
Totals	<u>\$ 236,976</u>	<u>\$ 414,471</u>	<u>\$ 498,009</u>	<u>\$ 153,438</u>

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

TOWN OF AMBOY
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, general administrative services 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 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.

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 AMBOY
 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:		
Wastewater Utility		
Revenue bonds:		
Sewage Works Revenue Bonds of 2005, Series A	\$ 959,000	\$ 51,524
Sewage Works Revenue Bonds of 2005, Series B	<u>246,000</u>	<u>14,003</u>
Total business-type activities debt	<u>\$ 1,205,000</u>	<u>\$ 65,527</u>

TOWN OF AMBOY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Lou Ann Sharp, Clerk Treasurer Term: 09-27-05 to 09-27-06
09-27-06 to 09-27-07

The bonds are payable to the Town of Amboy, IN and not the State of Indiana as required by Indiana Statute.

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. . . ."

Indiana Code 5-4-1-10 states: "All official bonds shall be payable to the State of Indiana; and every such bond shall be obligatory to such state, upon the principal and sureties, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by any breach of the condition thereof."

Indiana Code 36-5-6-3(b) states in part: ". . . the term of office of the clerk-treasurer is four (4) years, beginning at noon on January 1 after election and continuing until a successor is elected and qualified."

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior Reports B18934, B27866, B27867, were again present during our period of examination:

1. Record balances were not reconciled to depository balances during the two year period.

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 and addition errors. These errors included checks not posted, checks posted twice, receipts not posted, checks and receipts not recorded in the proper amounts, and monthly totals not always added correctly.

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)

3. Year-to-date totals for receipts and disbursements were not maintained.

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 AMBOY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PREScribed FORMS

The following prescribed or approved forms were not always in use:

Form 324 – Consumer's ledger – Municipal Sewage Utility
General Form 99B - Employee's Earnings Record
City and Town Form 217 - Clerk-Treasurer's Receipt

The following forms were in use but were not completed in the manner prescribed:

Simplified Cash Journal Wastewater Utility - Class C, Utility Form 323
Ledger of Receipts, Disbursements and Balances, City or Town Form 208

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)

ANNUAL REPORT

Annual reports for 2006 and 2007 were not presented for examination. A similar comment was made in prior Reports B18934, B27866, and B27867, covering the years 2000 through 2005.

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 . . ."

CAPITAL ASSET RECORDS

Capital asset records for the Town and the Wastewater Utility were 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 form. 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)

INCORRECT PAYROLL TAX FORM 941

Addition errors on the Federal Form 941 for the first quarters of 2006 and 2007 created an overpayment of \$29.29 in 2006 and an underpayment of \$90 in 2007. In addition, penalties and interest of \$54.07 were paid to the IRS related to calculation errors on the Form 941 for the third quarter of 2003. A similar comment was made in prior Report B27867.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana,

TOWN OF AMBOY
EXAMINATION RESULTS AND COMMENTS
(Continued)

and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not always adequately itemized.
2. Sales tax was reimbursed on some claims.
3. Claims were not filed in an organized manner.

Indiana Code 5-11-10-1.6 states in part:

- "(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.
- (c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:
- (1) there is a fully itemized invoice or bill for the claim;
 - (2) the invoice or bill is approved by the officer or person receiving the goods and services;
 - (3) the invoice or bill is filed with the governmental entity's fiscal officer;
 - (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
 - (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF AMBOY
EXAMINATION RESULTS AND COMMENTS
(Continued)

TIMELY RECORDKEEPING

The Ledger of Receipts, Disbursements and Balances, as well as the Simplified Cash Journal Wastewater Utility – Class C, had not been posted for the period January 2008 through August 2008. Also, bank reconcilements had not been completed for the period.

All documents an entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indian Code 5-15-1-1 et seq., commonly referred to an the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SALARY ORDINANCE

The Town Council did not formally adopt a salary ordinance for the years covered by this examination. A similar comment was noted in prior Reports B18934 and B27867.

All compensation and benefits paid to officials and employees must be included in the labor contracts, 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)

TOWN OF AMBOY
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2008, with Danyel M. Miller, Clerk-Treasurer. The official concurred with our findings.