

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

EXAMINATION REPORT

OF

TOWN OF MARKLE

HUNTINGTON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
10/29/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Carolyn Hamilton

01-01-04 to 12-31-11

President of the
Town Council

Tamra Boucher

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT' S REPORT

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

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

September 9, 2008

TOWN OF MARKLE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 665,455	\$ 646,762	\$ 695,512	\$ 616,705
Motor Vehicle Highway	50,036	41,143	40,377	50,802
Local Road and Street	41,198	5,802	28,393	18,607
Law Enforcement Continuing Education	435	795	50	1,180
Park and Recreation	36,431	18,723	13,689	41,465
Police Department Grant	77	3,460	1,080	2,457
Police Department Community Safety	148	-	-	148
Riverboat	13,994	6,935	3,662	17,267
Town of Markle Four Township Interlocal	149,171	1,714	-	150,885
Levy Excess	18,090	-	18,090	-
Rainy Day	64,653	74,650	-	139,303
Wayne Metals DOC Loan	7,682	29,260	29,406	7,536
Cumulative Capital Improvement	33,105	3,937	28,193	8,849
Cumulative Capital Development	46,523	11,863	37,169	21,217
Economic Development Income Tax	94,534	69,846	77,351	87,029
Proprietary Funds:				
Water Utility - Operating	118,732	187,080	182,927	122,885
Water Utility - Depreciation	38,206	5,280	5,114	38,372
Water Utility - Customer Deposit	2,703	751	1,276	2,178
Water Utility - Bond and Interest	2,830	33,968	33,968	2,830
Water Utility - Bond Reserve	33,860	-	-	33,860
Wastewater Utility - Operating	139,862	265,853	225,578	180,137
Wastewater Utility - Bond and Interest	-	53,265	53,265	-
Wastewater Utility - Plant Depreciation	72,542	-	8,503	64,039
Wastewater Utility - Depreciation	80,759	-	30,939	49,820
Fiduciary Fund:				
Payroll	-	346,185	346,185	-
Totals	<u>\$ 1,711,026</u>	<u>\$ 1,807,272</u>	<u>\$ 1,860,727</u>	<u>\$ 1,657,571</u>

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

TOWN OF MARKLE
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 616,705	\$ 530,719	\$ 581,897	\$ 565,527
Motor Vehicle Highway	50,802	42,189	57,853	35,138
Local Road and Street	18,607	5,850	18,790	5,667
Law Enforcement Continuing Education	1,180	985	1,087	1,078
Park and Recreation	41,465	13,063	18,406	36,122
Police Department Grant	2,457	4,000	2,458	3,999
Police Department Community Safety	148	-	-	148
Riverboat	17,267	6,948	4,290	19,925
Town of Markle Four Township Interlocal	150,885	2,266	153,151	-
Rainy Day	139,303	79,324	-	218,627
Wayne Metals DOC Loan	7,536	35,468	28,657	14,347
Cumulative Capital Improvement	8,849	3,871	7,868	4,852
Cumulative Capital Development	21,217	11,846	-	33,063
Economic Development Income Tax	87,029	72,763	5,424	154,368
TIF District	-	4,986	-	4,986
Proprietary Funds:				
Water Utility - Operating	122,885	192,100	205,430	109,555
Water Utility - Depreciation	38,372	5,880	5,113	39,139
Water Utility - Customer Deposit	2,178	975	750	2,403
Water Utility - Bond and Interest	2,830	33,968	33,968	2,830
Water Utility - Bond Reserve	33,860	-	-	33,860
Wastewater Utility - Operating	180,137	270,693	252,360	198,470
Wastewater Utility - Bond and Interest	-	51,892	51,892	-
Wastewater Utility - Plant Depreciation	64,039	-	-	64,039
Wastewater Utility - Depreciation	49,820	-	24,938	24,882
Fiduciary Fund:				
Payroll	-	366,990	366,990	-
Totals	<u>\$ 1,657,571</u>	<u>\$ 1,736,776</u>	<u>\$ 1,821,322</u>	<u>\$ 1,573,025</u>

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

TOWN OF MARKLE
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, highways and streets, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

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 MARKLE
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 MARKLE
 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
Governmental Activities:		
Loan payable	\$ 106,250	\$ 27,906
Business-type Activities:		
Water Utility Loan payable	\$ 207,374	\$ 33,968
Wastewater Utility Loan payable	365,152	51,892
Total business-type activities debt	\$ 572,526	\$ 85,860

TOWN OF MARKLE
EXAMINATION RESULTS AND COMMENTS

UNAUTHORIZED SALE OF PROPERTY

During 2007, the Water Utility began to upgrade its manually-read meters to remote-read meters. When the new meters were installed, the old meters were taken to the Utility building and placed in storage. Darcy D. Long, the Town Manager, began selling these used meters on eBay under his personal account. The Town Council was not aware of this practice. The Town Manager did not remit the sales proceeds of the meters until confronted by the Town Officials. The exact number of meters sold on eBay could not be determined. The Town Council has since established a policy that no Town assets are to be sold on eBay. The Town Manager resigned June 6, 2008.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management' s objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

Capital Asset records are incomplete. The Clerk-Treasurer is in the process of updating the Capital Asset ledger to include additions and deletions made during the period under examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable 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)

TOWN OF MARKLE
EXIT CONFERENCE

The contents of this report were discussed on September 9, 2008, with Carolyn Hamilton, Clerk-Treasurer; and Tamra Boucher, President of the Town Council. The officials concurred with our findings.