

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

EXAMINATION REPORT
OF
TOWN OF HOPE
BARTHOLOMEW COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
10/30/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Shirley Robertson	01-01-06 to 12-31-08
President of the Town Council	Greg Sims	01-01-06 to 12-31-06
	Harry Meek, Jr.	01-01-07 to 12-31-08
Superintendent of Utilities	Ernest Holt, Jr.	01-01-06 to 06-03-06
	Harry Meek Jr.	06-04-06 to 07-16-06
	David Clouse	07-17-06 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 HOPE, BARTHOLOMEW COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Hope (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 3, 2008

TOWN OF HOPE
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	\$ 200,944	\$ 313,449	\$ 359,581	\$ 154,812
Motor Vehicle Highway	129,122	81,880	67,178	143,824
Local Road and Street	73,698	23,729	-	97,427
Park and Recreation	125	-	-	125
Law Enforcement Continuing Education	2,093	289	-	2,382
Riverboat	25,641	13,467	20,853	18,255
Chamber of Commerce	4,500	-	4,500	-
Cumulative Capital Improvement	41,287	7,645	1,991	46,941
Cumulative Capital Development	74,657	12,119	361	86,415
Housing Loan Fund	11,971	43,978	44,071	11,878
Proprietary Funds:				
Water Utility - Operating	529,491	309,124	400,270	438,345
Water Utility - Bond and Interest	-	30,937	27,438	3,499
Water Utility - Customer Deposit	32,975	8,206	6,254	34,927
Water Utility - Improvement	(6,485)	536,831	530,346	-
Wastewater Utility - Operating	113,863	201,702	290,576	24,989
Wastewater Utility - Debt Reserve	58,153	485	-	58,638
Wastewater Utility - Bond and Interest	-	39,720	39,720	-
Wastewater Utility - Customer Deposit	25,050	8,400	5,575	27,875
Wastewater Utility - Improvement	32,920	-	1,840	31,080
Stormwater Operating	56,265	65,338	25,380	96,223
Stormwater Grant	(25,612)	41,360	15,748	-
Fiduciary Fund:				
Payroll	783	318,991	318,107	1,667
Totals	<u>\$ 1,381,441</u>	<u>\$ 2,057,650</u>	<u>\$ 2,159,789</u>	<u>\$ 1,279,302</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 154,812	\$ 315,306	\$ 359,213	\$ 110,905
Motor Vehicle Highway	143,824	99,034	68,120	174,738
Local Road and Street	97,427	24,171	28,955	92,643
Park and Recreation	125	-	-	125
Law Enforcement Continuing Education	2,382	6,847	1,615	7,614
Riverboat	18,255	13,494	7,444	24,305
Cumulative Capital Improvement	46,941	7,516	-	54,457
Cumulative Capital Development	86,415	11,700	1,554	96,561
Housing Loan Fund	11,878	127,552	129,754	9,676
Proprietary Funds:				
Water Utility - Operating	438,345	388,170	285,778	540,737
Water Utility - Bond and Interest	3,499	33,750	34,182	3,067
Water Utility - Customer Deposit	34,927	8,378	6,618	36,687
Wastewater Utility - Operating	24,989	206,114	214,031	17,072
Wastewater Utility - Debt Reserve	58,638	1,219	-	59,857
Wastewater Utility - Bond and Interest	-	43,100	43,100	-
Wastewater Utility - Customer Deposit	27,875	8,475	6,300	30,050
Wastewater Utility - Improvement	31,080	-	-	31,080
Stormwater Operating	96,223	7,331	22,344	81,210
Fiduciary Fund:				
Payroll	1,667	329,191	330,026	832
Totals	<u>\$ 1,279,302</u>	<u>\$ 1,631,348</u>	<u>\$ 1,539,034</u>	<u>\$ 1,371,616</u>

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

TOWN OF HOPE
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, 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.

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.

Note 6. Subsequent Events

During June 2008, there was a flood. The Town lost two police cars and some sewer infrastructure. These loss items and related employee overtime costs were turned in to the Federal Emergency Management Agency for consideration for disaster assistance.

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Notes and Loans:		
State Revolving Fund Loan	\$ 463,000	\$ 7,292
Wastewater Utility		
Revenue bonds:		
2001 Series B Sewage Works Refunding Bonds	<u>115,000</u>	<u>41,210</u>
Total business-type activities debt:	<u>\$ 578,000</u>	<u>\$ 48,502</u>

TOWN OF HOPE
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$11.12 were paid to the Indiana Department of Revenue on November 14, 2006, for the period December 31, 2005.

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)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation 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 some of the claims during the audit period:

- (1) Claims were not prepared for all disbursements.
- (2) Claims were not adequately itemized.
- (3) Claims or invoices did not have evidence to support receipt of goods or services.
- (4) Claims or invoices were not certified by the fiscal officer.

TOWN OF HOPE
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

PAYROLL DEDUCTIONS

Payments were made to some employees without payroll deductions for taxes. A dispatcher was paid \$1,750 to serve as the Animal Control Officer and the Marshal's Dispatch Supervisor was paid \$1,800 to serve as the Town Permit Clerk. These positions were paid without payroll deductions for taxes.

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, 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)

TOWN OF HOPE
EXIT CONFERENCE

The contents of this report were discussed on September 3, 2008, with Shirley Robertson, Clerk-Treasurer; and Brenda Tallent, Dispatch Supervisor.