

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

EXAMINATION REPORT

OF

TOWN OF SALAMONIA

JAY COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
11/05/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Connie Southworth	01-01-04 to 12-31-11
President of the Town Council	Gloria Pfeifer Charles S. Keen	01-01-06 to 12-31-07 01-01-08 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 SALAMONIA, JAY COUNTY, INDIANA

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

October 7, 2008

TOWN OF SALAMONIA
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	\$ 1,614	\$ 14,086	\$ 13,491	\$ 2,209
Motor Vehicle Highway	37,505	7,475	8,137	36,843
Local Road and Street	10,118	1,142	1,400	9,860
Park and Recreation	1,691	-	1,691	-
Riverboat	1,252	995	1,351	896
Cumulative Capital Improvement	2,022	564	1,330	1,256
County Economic Development Income Tax	202	227,532	224,555	3,179
Levy Excess	-	107	-	107
Proprietary Funds:				
Wastewater Utility - Operating	26,600	55,972	46,739	35,833
Wastewater Utility - Bond and Interest	5,690	7,895	7,760	5,825
Wastewater Utility - Improvement	4,350	1,200	-	5,550
Totals	<u>\$ 91,044</u>	<u>\$ 316,968</u>	<u>\$ 306,454</u>	<u>\$ 101,558</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 2,209	\$ 11,952	\$ 12,375	\$ 1,786
Motor Vehicle Highway	36,843	7,431	6,380	37,894
Local Road and Street	9,860	1,165	1,000	10,025
Riverboat	896	2,180	3,076	-
Cumulative Capital Improvement	1,256	555	683	1,128
County Economic Development Income Tax	3,179	57,018	51,188	9,009
Levy Excess	107	-	107	-
Proprietary Funds:				
Wastewater Utility - Operating	35,833	49,102	41,179	43,756
Wastewater Utility - Bond and Interest	5,825	7,625	7,670	5,780
Wastewater Utility - Improvement	5,550	1,200	-	6,750
Totals	<u>\$ 101,558</u>	<u>\$ 138,228</u>	<u>\$ 123,658</u>	<u>\$ 116,128</u>

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

TOWN OF SALAMONIA
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, 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 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 SALAMONIA
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 acquired in the future will be reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 6,600
Buildings	252,000
Improvements other than buildings	22,048
Machinery and equipment	<u>64,807</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 345,455</u>

TOWN OF SALAMONIA
 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		
Loans payable	\$ 125,000	\$ 7,580

TOWN OF SALAMONIA
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Of the three assets purchased by the Wastewater Utility, two were not included on the capital asset records. The Town has also recorded incorrect amounts for some capital assets by not including shipping and installation costs.

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

DEPOSITS

Receipts appear to have been deposited later than the next business day. Utility stubs did not indicate the day they were received. Cash or check was not indicated on the stub.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CONTRACTS

Payments totaling \$1,325 were made for mowing in 2006 and 2007 without a contract. Payment to the Salamonina Volunteer Fire Department in 2006 did not agree to the contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SALAMONIA
EXIT CONFERENCE

The contents of this report were discussed on October 7, 2008, with Connie Southworth, Clerk-Treasurer; and Charles S. Keen, President of the Town Council.