

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

EXAMINATION REPORT

OF

TOWN OF SHARPSVILLE

TIPTON COUNTY, INDIANA

January 1, 2006 to December 31, 2007



FILED
11/07/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Berniece Farris	01-01-05 to 12-31-08
President of the Town Council	Jessica Beck	01-01-06 to 12-31-08
Superintendent of Utilities	Mike Beck	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 SHARPSVILLE, TIPTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Sharpsville (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 8, 2008

TOWN OF SHARPSVILLE
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	\$ 205,045	\$ 222,193	\$ 201,673	\$ 225,565
Motor Vehicle Highway	20,319	28,267	23,450	25,136
Local Road and Street	20,613	2,784	7,989	15,408
Local Law Enforcement Continuing Education	6,068	530	70	6,528
Riverboat	11,702	3,889	-	15,591
Rainy Day	2,857	-	-	2,857
Trash	18,031	19,746	23,039	14,738
Community Building	11,645	12,068	13,629	10,084
EDIT	5,867	15,675	15,118	6,424
Fax/Record Perpetuation Fund	21,230	9,092	7,734	22,588
Cumulative Capital Improvement	15,005	2,208	-	17,213
Cumulative Capital Development	22,618	3,833	3,506	22,945
Cumulative Building and Fire Fighting Equipment	21,945	2,549	2,504	21,990
Levy Excess	2,298	267	-	2,565
Proprietary Funds:				
Water Utility - Operating	72,858	124,839	119,130	78,567
Water Utility - Bond and Interest	38,686	19,370	-	58,056
Water Utility - Construction	-	22,411	22,411	-
Water Utility - Customer Deposit	5,628	320	-	5,948
Wastewater Utility - Operating	10,472	94,553	99,819	5,206
Wastewater Utility - Bond and Interest	42,641	256	-	42,897
Fiduciary Funds:				
Law Enforcement Continuing Education	17,721	3,885	6,857	14,749
Town Court	10,149	232,884	234,565	8,468
County Court Fees	2,127	20,660	22,787	-
Payroll	5,384	135,481	138,982	1,883
Totals	<u>\$ 590,909</u>	<u>\$ 977,760</u>	<u>\$ 943,263</u>	<u>\$ 625,406</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 225,565	\$ 227,882	\$ 204,616	\$ 248,831
Motor Vehicle Highway	25,136	29,430	31,005	23,561
Local Road and Street	15,408	2,738	275	17,871
Local Law Enforcement Continuing Education	6,528	914	-	7,442
Riverboat	15,591	3,897	6,413	13,075
Rainy Day	2,857	1,599	-	4,456
Trash	14,738	22,819	23,485	14,072
Community Building	10,084	9,175	9,898	9,361
EDIT	6,424	15,467	4,480	17,411
Fax/Record Perpetuation Fund	22,588	4,027	3,789	22,826
Cumulative Capital Improvement	17,213	2,171	-	19,384
Cumulative Capital Development	22,945	3,750	3,500	23,195
Cumulative Building and Fire Fighting Equipment	21,990	2,493	2,500	21,983
Levy Excess	2,565	-	2,565	-
Proprietary Funds:				
Water Utility - Operating	78,567	125,918	135,553	68,932
Water Utility - Bond and Interest	58,056	83,929	64,516	77,469
Water Utility - Customer Deposit	5,948	140	312	5,776
Wastewater Utility - Operating	5,206	100,428	97,964	7,670
Wastewater Utility - Bond and Interest	42,897	205	10,000	33,102
Fiduciary Funds:				
Law Enforcement Continuing Education	14,749	3,666	1,576	16,839
Town Court	8,468	218,623	219,867	7,224
County Court Fees	-	19,572	19,572	-
Payroll	1,883	142,873	142,872	1,884
Totals	<u>\$ 625,406</u>	<u>\$ 1,021,716</u>	<u>\$ 984,758</u>	<u>\$ 662,364</u>

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

TOWN OF SHARPSVILLE
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. 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 SHARPSVILLE
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 SHARPSVILLE
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 502
Buildings	13,424
Improvements other than buildings	1,162,886
Machinery and equipment	<u>25,243</u>
Total Water Utility capital assets	<u>1,202,055</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Buildings	66,110
Improvements other than buildings	1,454,254
Machinery and equipment	<u>32,433</u>
Total Wastewater Utility capital assets	<u>1,552,797</u>
Total business-type activities capital assets	<u>\$ 2,754,852</u>

TOWN OF SHARPSVILLE
 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:		
Capital leases:		
Fire Station	\$ 173,409	\$ 12,000
Total governmental activities debt	<u>\$ 173,409</u>	<u>\$ 12,000</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Project	\$ 715,000	\$ 53,097
Total Water Utility	<u>715,000</u>	<u>53,097</u>
Wastewater Utility		
Revenue bonds:		
Wastewater Utility	\$ 200,000	\$ 33,388
Total Wastewater Utility	<u>200,000</u>	<u>33,388</u>
Total business-type activities debt:	<u>\$ 915,000</u>	<u>\$ 86,485</u>

TOWN OF SHARPSVILLE
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

As stated in the prior Reports B23803 and B27191, the Town does not maintain capital asset records.

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)

UTILITY RECEIPTS TAX

The Water Utility did not pay income tax for utility receipts collected during 2005, nor was a URT-1 tax return filed for 2005 or 2006. Amounts due, as calculated by the Town's Clerk-Treasurer, to the Indiana Department of Revenue are \$1,268.82 and \$130.31 for the years 2005 and 2006, respectively.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS

As stated in prior Reports B07798, B13893, B17670, B23803, and B27191 we noted instances where receipts collected for gun permits were not deposited in a timely manner. Fees are collected by the Town Marshal throughout the year, but are only remitted to the Clerk-Treasurer once or twice per year. Some receipts were held up to 189 days before a deposit was made.

Receipts and fees collected by a police department should be remitted to the clerk-treasurer or controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

TOWN OF SHARPSVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 7, 2008, with Berniece Farris, Clerk-Treasurer. The official concurred with our findings.