

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

EXAMINATION REPORT  
OF  
TOWN OF LAUREL  
FRANKLIN COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
01/15/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Yolanda Swearengen Carlene Rayburn	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Rebecca Jones Jay Davidson	01-01-06 to 12-31-07 01-01-08 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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LAUREL, FRANKLIN COUNTY, INDIANA

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

December 29, 2008

TOWN OF LAUREL  
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	\$ 37,305	\$ 82,167	\$ 99,485	\$ 19,987
Motor Vehicle Highway	4,754	20,832	17,622	7,964
Local Road and Street	1,837	2,944	3,297	1,484
Riverboat	3,974	16,713	20,648	39
Cumulative Capital Improvement	391	980	-	1,371
County Economic Development Income Tax	7,332	7,228	13,840	720
Accident Report	279	25	-	304
Firearms Training	51	60	-	111
Infractions/Violations	2,534	1,486	4,065	(45)
CDBG Sewer Planning Grant	-	30,000	30,000	-
Proprietary Funds:				
Water Utility - Operating	21,300	92,253	110,881	2,672
Water Utility - Bond and Interest	15,788	8,359	19,503	4,644
Water Utility - Debt Service Reserve	13,405	-	-	13,405
Water Utility - Customer Deposit	7,379	-	-	7,379
Wastewater Utility - Operating	688	86,964	82,552	5,100
Wastewater Utility - Bond and Interest	5,317	7,975	5,317	7,975
Wastewater Utility - Debt Service Reserve	5,625	10,000	10,000	5,625
Fiduciary Fund:				
Payroll	-	75,608	80,110	(4,502)
Totals	<u>\$ 127,959</u>	<u>\$ 443,594</u>	<u>\$ 497,320</u>	<u>\$ 74,233</u>
	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 19,987	\$ 61,952	\$ 69,037	\$ 12,902
Motor Vehicle Highway	7,964	18,341	21,172	5,133
Local Road and Street	1,484	3,393	1,733	3,144
Riverboat	39	16,720	13,108	3,651
Cumulative Capital Improvement	1,371	3,122	337	4,156
County Economic Development Income Tax	720	6,122	6,026	816
Accident Report	304	10	260	54
Firearms Training	111	80	161	30
Infractions/Violations	(45)	2,367	1,931	391
Matching Grant/Loan	-	30,000	27,175	2,825
Proprietary Funds:				
Water Utility - Operating	2,672	91,037	82,483	11,226
Water Utility - Bond and Interest	4,644	3,857	4,644	3,857
Water Utility - Debt Service Reserve	13,405	-	8,970	4,435
Water Utility - Customer Deposit	7,379	-	-	7,379
Wastewater Utility - Operating	5,100	103,225	102,871	5,454
Wastewater Utility - Bond and Interest	7,975	7,975	9,304	6,646
Wastewater Utility - Debt Service Reserve	5,625	3,000	-	8,625
Fiduciary Fund:				
Payroll	(4,502)	91,256	86,754	-
Totals	<u>\$ 74,233</u>	<u>\$ 442,457</u>	<u>\$ 435,966</u>	<u>\$ 80,724</u>

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

TOWN OF LAUREL  
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, highway and streets, economic development, health and social services, culture and recreation, water and wastewater utilities, 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.

TOWN OF LAUREL  
 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:		
Notes and loans payable		
Main Source Bank, 10 year loan:		
Firehouse, Town Hall, and Police Station	\$ 37,035	\$ 4,445
Business-type Activities:		
Water Utility		
Notes and loans payable		
Main Source Bank, 10 year loan:		
Firehouse, Town Hall, and Police Station	\$ 37,035	\$ 4,445
Revenue bonds:		
Water Revenue Bonds of 1990	75,000	20,000
Build Indiana Fund loan	31,636	3,573
Total Water Utility	143,671	28,018
Wastewater Utility		
Notes and loans payable		
Main Source Bank, 10 year loan:		
Firehouse, Town Hall, and Police Station	37,035	4,445
Matching CDBG Grant Loan	25,512	4,488
Revenue bonds:		
Wastewater Revenue Bond of 1976	114,000	10,000
Total Wastewater Utility	176,547	18,933
Total business-type activities debt:	\$ 320,218	\$ 46,951

TOWN OF LAUREL  
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

As noted in the previous report, B29057, the following deficiencies were noted on claims during the examination period:

- (1) Claims were not prepared for all disbursements.
- (2) Claims were not adequately itemized.
- (3) All claims did not have board approval.
- (4) Claims or invoices did not have evidence to support receipt of goods or services.

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."

GUARANTEE DEPOSIT REGISTER

The Guarantee Deposit Register was not in balance with the Water Utility Meter Deposit Fund's cash balance. A similar comment was in the previous Report B29057.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LAUREL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OFFICIAL BOND

The official bonds for Yolanda Swearingen, Clerk-Treasurer, were not filed in the office of the County Recorder for the examination period. A similar comment was in the previous Report B29057.

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. . . ."

INTERFUND TRANSFERS NOT REPAID (WATER UTILITY)

As stated in the previous three reports covering the periods 1994-1995, 1996-1997, and 1998-2001, the Water Utility still has temporary loans and transfers that are required to be repaid. At December 31, 2005, the Water Utility owed the following:

<u>Due To</u>	<u>Amount</u>
Town General	\$ 17,942
Town CCI	2,000
Town MVH	11,892
Wastewater Utility	<u>29,277</u>
Total	<u>\$ 61,111</u>

Indiana Code 36-1-8-4 concerning temporary loans states, in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) The amount transferred must be returned to the other fund at the end of the prescribed period . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

Indiana Code 8-1.5-3-11(f) states: "A cash reserve fund, if authorized by ordinance, may be used to make loans to another utility owned by the same municipality, for periods not to exceed five (5) years, at any interest rate. The repayment of the loan and interest shall be returned to the cash reserve fund."

TOWN OF LAUREL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PRESCRIBED FORMS

The following prescribed or approved form was not in use during the period of examination:

Form 206, Monthly Financial, Depository Statement and Cash Reconciliation

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)

SALES TAX WARRANTS

A sales tax warrant was paid to the Franklin County Sheriff's office for \$41.03. The payment was made on May 3, 2007, and related to a delinquent payment to the Indiana Department of Revenue for the tax period ending August 31, 2006.

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 Townships, Chapter 13)

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 Townships, Chapter 13)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

As noted in the previous Report B29057, a list of employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

TOWN OF LAUREL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CAPITAL ASSET RECORDS

The capital asset records maintained by the Town were incomplete. A similar comment was in the previous Report B29057.

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)

CERTIFIED REPORT NOT FILED

As noted in the previous Report B29057, the Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the year 2006.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

ANNUAL REPORT

An annual report for 2006 was not presented for examination.

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 . . ."

OFFICIALS WITH DELINQUENT UTILITY BILLS

Some Town Officials are not current in paying their personal water and sewer utility bills.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FUND SOURCES AND USES

Funds were disbursed from the Riverboat Fund for Water and Wastewater Utility related expenses.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LAUREL  
EXIT CONFERENCE

The contents of this report were discussed on December 29, 2008, with Carlene Rayburn, Clerk-Treasurer.