

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

EXAMINATION REPORT
OF
TOWN OF ST. PAUL
DECATUR COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
02/12/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lynn W. Jones Melissa Coulter	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Christopher Vierling Laura Dudley Jenny Shuppert	01-01-06 to 12-31-06 01-01-07 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 ST. PAUL, DECATUR COUNTY, INDIANA

We have examined the financial information presented herein of the Town of St. Paul (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 17, 2008

TOWN OF ST. PAUL
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	\$ 174,577	\$ 154,096	\$ 144,617	\$ 184,056
Motor Vehicle Highway	134,673	37,330	8,504	163,499
Local Road and Street	49,626	4,762	6,203	48,185
Law Enforcement Continuing Education	559	525	253	831
Gym	1,520	8,109	9,476	153
Fire Department New Equipment	7,174	2,500	2,475	7,199
Town Marshall Patrol Car	9,536	7,386	8,925	7,997
Cumulative Capital Improvement	38,879	3,651	1,850	40,680
EDIT	54,573	8,683	2,148	61,108
Levy Excess	1,467	-	-	1,467
Proprietary Funds:				
Water Utility - Operating	70,688	134,457	168,439	36,706
Water Utility - Bond and Interest	28,872	57,600	13,918	72,554
Water Utility - Depreciation	22,266	-	-	22,266
Water Utility - Customer Deposit	14,784	1,820	325	16,279
Water Utility - Meter Replacement	-	2,400	-	2,400
Water Utility - Reserve	36,000	12,000	-	48,000
Wastewater Utility - Operating	110,741	120,927	91,240	140,428
Wastewater Utility - Bond and Interest	9,395	-	-	9,395
Wastewater Utility - Construction	234,696	24,000	-	258,696
Totals	\$ 1,000,026	\$ 580,246	\$ 458,373	\$ 1,121,899

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 184,056	\$ 140,925	\$ 137,196	\$ 187,785
Motor Vehicle Highway	163,499	36,577	26,752	173,324
Local Road and Street	48,185	4,914	25,524	27,575
Law Enforcement Continuing Education	831	1,302	271	1,862
Gym	153	6,478	8,140	(1,509)
Fire Department New Equipment	7,199	492	6,225	1,466
Town Marshall Patrol Car	7,997	5,487	13,525	(41)
Cumulative Capital Improvement	40,680	3,590	2,453	41,817
EDIT	61,108	9,124	21,265	48,967
Levy Excess	1,467	-	-	1,467
Proprietary Funds:				
Water Utility - Operating	36,706	130,245	140,436	26,515
Water Utility - Bond and Interest	72,554	57,600	56,615	73,539
Water Utility - Depreciation	22,266	-	-	22,266
Water Utility - Customer Deposit	16,279	2,270	2,050	16,499
Water Utility - Meter Replacement	2,400	2,400	-	4,800
Water Utility - Reserve	48,000	12,000	-	60,000
Wastewater Utility - Operating	140,428	123,959	105,889	158,498
Wastewater Utility - Bond and Interest	9,395	-	-	9,395
Wastewater Utility - Construction	258,696	24,000	-	282,696
Totals	\$ 1,121,899	\$ 561,363	\$ 546,341	\$ 1,136,921

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

TOWN OF ST. PAUL
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, road and street maintenance, 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 ST PAUL
 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 Truck	\$ 78,446	\$ 15,391
Marshal's Car	7,239	7,662
Radio System	<u>8,205</u>	<u>5,025</u>
Total governmental activities debt	<u>\$ 93,890</u>	<u>\$ 28,078</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
State Revolving Loan	<u>\$ 666,543</u>	<u>\$ 56,592</u>

TOWN OF ST. PAUL
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Town, Wastewater Utility, and Water Utility Funds. The records were not posted for the years 2006 and 2007. Fund activity was abstracted from available bank records, check copies, and deposit slips to accumulate receipts, disbursements, and ending balances.

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)

At all times, the manual and/or 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)

ANNUAL REPORT

Annual reports for 2006 and 2007 were 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 . . ."

PRESCRIBED FORMS

The following prescribed or approved forms were not in use:

General Ledger Form 101;
Water Utility Simplified Cash Journal Form 319;
Simplified Cash Journal - Municipal Sewage Utility form 323; and
Investment Register, General Form 350

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest were assessed to the Town totaling \$1,108.76 by the Indiana Department of Revenue for payroll withholdings and Water Utility sales tax not remitted on a timely basis. As a result, we have requested that Lynn W. Jones, former Clerk-Treasurer, reimburse the Town \$1,108.76. (See Summary, page 12)

TOWN OF ST. PAUL
EXAMINATION RESULTS AND COMMENTS
(Continued)

The Internal Revenue Service levied the Town's checking account for \$10,996.37 on May 23, 2007. A check was also issued to the United States Treasury on May 24, 2007, for \$6,087.44. Checks for monthly withholding liabilities were written, but not remitted on a timely basis. The checks were remitted as much as seven months late. The Town did receive three refund checks from the United States Treasury totaling \$8,633.69. The amount of penalties and interest could not be determined from the documents presented for examination. The officials have been advised to contact the Internal Revenue Service to determine if an additional refund is due the Town, or the difference between actual payments and amounts refunded are penalties and interest.

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)

OFFICIAL BOND

Lynn W. Jones, former Clerk-Treasurer, had official bonds for each year of the examination period with Western Surety Company. Each bond provides coverage of \$15,000 per period. The periods covered by the official bonds are January 1, 2006 to January 1, 2007, and January 1, 2007 to January 1, 2008.

APPROVAL OF CLAIMS

While board minutes indicated that claims for the town and utilities were approved, there was no other evidence that claims had board approval. Checks were listed on a claims docket, but neither the docket nor the individual claims had the boards' signatures indicating approval.

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

TOWN OF ST. PAUL
EXAMINATION RESULTS AND COMMENTS
(Continued)

(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."

APPROPRIATIONS

Records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Local Road and Street	2006	\$ 1,203
Local Road and Street	2007	20,524
EDIT	2007	1,265

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CAPITAL ASSETS

The Town of St. Paul and its Water and Wastewater Utilities do not maintain any capital asset records. Records providing historical cost for the capital asset acquisitions and disposals were not available for examination.

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)

HYDRANT RENTAL RECEIVABLE (PAYABLE)

The Town of St. Paul owes the Water Utility hydrant rental of \$27,066.48 for the years 2006 and 2007, pursuant to the Rate Ordinance passed by the Council in September 2003.

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)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

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 ST. PAUL
EXAMINATION RESULTS AND COMMENTS
(Continued)

CERTIFIED REPORTS NOT FILED

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 years 2006 and 2007.

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."

TOWN OF ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on December 16, 2008, with Melissa Coulter, Clerk-Treasurer; and Jerome Buening, Water Superintendent.

The contents of this report were discussed by phone on December 17, 2008, with Jenny Shuppert, President of the Town Council.

The contents of this report were discussed on December 16, 2008, with Lynn W. Jones, former Clerk-Treasurer.

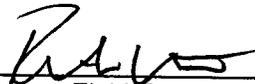
TOWN OF ST. PAUL
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Lynn W. Jones, former Clerk-Treasurer: Penalties, Interest, and Other Charges, page	<u>\$ 1,108.76</u>	<u>\$ -</u>	<u>\$ 1,108.76</u>

AFFIDAVIT

STATE OF INDIANA)
)
DECATUR COUNTY)

I, Robin White, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of St. Paul, Decatur County, Indiana, for the period from January 1, 2006, to December 31, 2007, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 22 day of January, 2009



Clerk of the Circuit Court