

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

EXAMINATION REPORT
OF
TOWN OF BURLINGTON
CARROLL COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
11/06/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tammy Dyer	01-01-04 to 12-31-07
	Christy Shepherd	01-01-08 to 12-31-11
Town Judge	John Adams	01-01-04 to 12-31-11
President of the Town Council	Robert Davis	01-01-07 to 12-31-07
	Stan Moore	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BURLINGTON, CARROLL COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Burlington (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, 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, 2009

TOWN OF BURLINGTON
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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 399,068	\$ 144,095	\$ 148,234	\$ 394,929
Motor Vehicle Highway	111,689	30,392	47,711	94,370
Local Road and Street	26,012	2,981	1,854	27,139
Law Enforcement Continuing Education	2,399	677	964	2,112
Police Firearms Training	2,635	927	698	2,864
Riverboat	6,029	2,882	-	8,911
State Grant IDEM	6,997	-	6,997	-
Cumulative Capital Improvement	8,983	1,606	1,475	9,114
Cumulative Capital Development	71,525	4,930	-	76,455
Cumulative Fire Equipment	67,942	4,722	-	72,664
Cumulative Building and Fire Fighting Equipment	14,056	5,648	2,012	17,692
Proprietary Funds:				
Wastewater Utility - Operating	64,199	175,610	129,112	110,697
Wastewater Utility - Bond and Interest	35,410	36,257	35,365	36,302
Wastewater Utility - Depreciation	13,732	25,749	25,000	14,481
Wastewater Utility - Reserve Fund	48,721	1,124	-	49,845
Fiduciary Funds:				
Levy Excess	1,783	-	1,783	-
Town Court	803	13,782	13,207	1,378
Payroll	-	94,448	94,448	-
Totals	<u>\$ 881,983</u>	<u>\$ 545,830</u>	<u>\$ 508,860</u>	<u>\$ 918,953</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 394,929	\$ 147,627	\$ 163,075	\$ 379,481
Motor Vehicle Highway	94,370	53,355	32,149	115,576
Local Road and Street	27,139	2,517	8,602	21,054
Law Enforcement Continuing Education	2,112	-	-	2,112
Police Firearms Training	2,864	1,681	-	4,545
Riverboat	8,911	2,867	1,000	10,778
State Grant IDEM	-	6,998	-	6,998
Rainy Day	-	27,368	-	27,368
Cumulative Capital Improvement	9,114	896	-	10,010
Cumulative Capital Development	76,455	8,050	-	84,505
Cumulative Fire Equipment	72,664	5,059	-	77,723
Cumulative Building and Fire Fighting Equipment	17,692	2,870	1,706	18,856
Proprietary Funds:				
Wastewater Utility - Operating	110,697	184,783	106,991	188,489
Wastewater Utility - Bond and Interest	36,302	35,768	34,425	37,645
Wastewater Utility - Depreciation	14,481	-	-	14,481
Wastewater Utility - Reserve Fund	49,845	602	-	50,447
Fiduciary Funds:				
Town Court	1,378	20,188	19,634	1,932
Payroll	-	92,737	93,223	(486)
Totals	<u>\$ 918,953</u>	<u>\$ 593,366</u>	<u>\$ 460,805</u>	<u>\$ 1,051,514</u>

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

TOWN OF BURLINGTON
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.

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 BURLINGTON
NOTES TO FINANCIAL INFORMATION
(Continued)

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 BURLINGTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

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>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 72,750
Improvements other than buildings	18,888
Machinery and equipment	<u>88,913</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u><u>180,551</u></u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 121,756
Buildings	218,406
Improvements other than buildings	2,394,383
Machinery and equipment	<u>85,350</u>
 Total business-type activities, capital assets not being depreciated	 \$ <u><u>2,819,895</u></u>

TOWN OF BURLINGTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

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:		
Revenue bonds:		
1980 Revenue Bonds	\$ 289,000	\$ 34,450

TOWN OF BURLINGTON
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN FUND BALANCE

The Payroll fund was overdrawn at December 31, 2008 by \$486.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES AND INTEREST

Penalties and interest totaling \$441.45 were paid to the Internal Revenue Service on May 15, 2008, for the period January 1 to March 31, 2008. The taxes for January and February were remitted late which resulted in the penalty being assessed to the Town.

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)

FUND SOURCES AND USES

In 2008, the Rainy Day Fund received tax distribution money, in the amount of \$2,481, that should have been posted to the Cumulative Building and Fire Equipment Fund and tax distribution money, in the amount of \$19,953, that should have been posted to the General Fund. These monies were posted directly into the Rainy Day Fund and not transferred from the respective fund into the Rainy Day Fund.

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 BURLINGTON
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS (Applies to Town Court)

The following deficiencies relating to the recordkeeping were cited in the prior examination report and were again present during our period of examination:

Financial records presented for examination of the activity of the Town Court Fund were incomplete. The records presented did not provide beginning balances, receipt totals, disbursement totals, ending balances, or accuracy or correctness of the transactions.

- (1) Record balances were not properly reconciled to depository balances during the examination period. In 2008, the record balance was \$138 less than the bank balance. The Town Court uses the bank balance as a beginning record balance to start the next year.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

- (2) There were numerous errors which included: receipts that were not recorded in the proper amounts; receipts received that were not always deposited timely; and no record balances were kept.

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)

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)

TOWN OF BURLINGTON
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2009, with Christy Shepherd, Clerk-Treasurer; and Teddy Huffer, Board member. The officials concurred with our findings.