

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

EXAMINATION REPORT
OF
TOWN OF NEW MARKET
MONTGOMERY COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
12/29/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Information: Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information	5
Supplementary Information: Schedule of Long-Term Debt	6
Examination Result and Comment: Wastewater Utility Overcharges	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy Fisher	01-01-04 to 12-31-11
President of the Town Council	Larry Gentry	01-01-07 to 12-31-09
Superintendent of Utilities	Dennis Gentry	01-01-07 to 12-31-09



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NEW MARKET, MONTGOMERY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of New Market (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.

STATE BOARD OF ACCOUNTS

November 5, 2009

TOWN OF NEW MARKET
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	\$ 123,965	\$ 55,324	\$ 58,236	\$ 121,053
Motor Vehicle Highway	61,512	27,675	1,035	88,152
Local Road and Street	10,347	2,867	-	13,214
Law Enforcement Continuing Education	1,340	678	-	2,018
Riverboat	16,625	4,156	-	20,781
Cumulative Capital Improvement	33,589	2,315	-	35,904
Cumulative Capital Development	40,108	1,497	-	41,605
Levy Excess	1,230	-	1,230	-
Proprietary Funds:				
Water Utility - Operating	108,883	116,588	95,182	130,289
Water Utility - Bond and Interest	16,380	36,000	35,015	17,365
Water Utility - Cash Reserve	82,720	1,413	-	84,133
Water Utility - Customer Deposit	11,076	1,500	884	11,692
Water Utility - Debt Service Reserve	47,739	1,920	-	49,659
Water Utility - Depreciation	-	3,500	-	3,500
Wastewater Utility - Operating	130,686	93,384	74,670	149,400
Wastewater Utility - Cash Reserve	73,092	12,975	-	86,067
Wastewater Utility - Depreciation	114,260	13,346	-	127,606
Wastewater Utility - Storm Water	17,375	12,000	5,151	24,224
Fiduciary Funds:				
Other	60	-	-	60
Payroll	-	43,676	43,676	-
Totals	<u>\$ 890,987</u>	<u>\$ 430,814</u>	<u>\$ 315,079</u>	<u>\$ 1,006,722</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 121,053	\$ 96,766	\$ 64,250	\$ 153,569
Motor Vehicle Highway	88,152	24,526	24,136	88,542
Local Road and Street	13,214	2,736	-	15,950
Law Enforcement Continuing Education	2,018	418	-	2,436
Riverboat	20,781	4,133	-	24,914
Cumulative Capital Improvement	35,904	2,143	-	38,047
Cumulative Capital Development	41,605	3,774	-	45,379
Proprietary Funds:				
Water Utility - Operating	130,289	13,810	91,895	52,204
Water Utility - Bond and Interest	17,365	36,000	35,315	18,050
Water Utility - Cash Reserve	84,133	1,085	-	85,218
Water Utility - Customer Deposit	11,692	1,300	735	12,257
Water Utility - Debt Service Reserve	49,659	1,877	-	51,536
Water Utility - Depreciation	3,500	12,000	-	15,500
Wastewater Utility - Operating	149,400	93,533	88,066	154,867
Wastewater Utility - Cash Reserve	86,067	12,728	-	98,795
Wastewater Utility - Depreciation	127,606	13,062	-	140,668
Wastewater Utility - Storm Water	24,224	12,000	24,154	12,070
Trash Disposal	-	11,905	10,400	1,505
Fiduciary Funds:				
Other	60	-	-	60
Payroll	-	47,337	47,337	-
Totals	<u>\$ 1,006,722</u>	<u>\$ 391,133</u>	<u>\$ 386,288</u>	<u>\$ 1,011,567</u>

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

TOWN OF NEW MARKET
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, culture and recreation, general administrative services, water, wastewater and sanitation.

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, however due to property tax reassessment the taxes for 2007 were due July 20 and November 13, and the taxes for 2008 were due September 9 and November 10.

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 NEW MARKET
 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:		
Water Utility:		
Loan:		
Drinking Water State Revolving Fund Loan	<u>\$ 388,000</u>	<u>\$ 6,790</u>

TOWN OF NEW MARKET
EXAMINATION RESULT AND COMMENT

WASTEWATER UTILITY OVERCHARGES

The New Market Wastewater Utility adopted a new rate ordinance applicable to all billing beginning February 1, 2007. When entering the new billing data into the utility software application a sales tax fee was applied. Wastewater service charges should not be subject to sales tax. This caused all customers subject to sales tax to be overcharged. The amount of overcharges for those customers is estimated to be \$4,010 in 2007 and \$4,681 in 2008. Overcharges will need to be calculated and credited to the individual accounts.

The overcharges are currently retained in the Water Operating Fund because they were collected as sales tax payments and sales tax is put into Water Operating. The Town does not submit sales tax to the Indiana Department of Revenue for wastewater collections; they only submit payment on the water collections. The overcharges have not been submitted to the State.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF NEW MARKET
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2009, with Nancy Fisher, Clerk-Treasurer; Stephen M. Selby, Town Accountant; and Larry Gentry, President of the Town Council. The officials concurred with our finding.