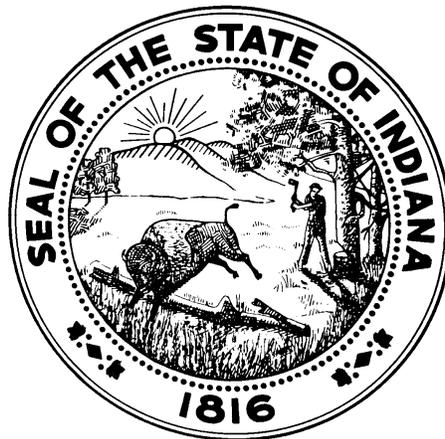


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF RUSSIAVILLE
HOWARD 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	5-6
Supplementary Information:	
Schedule of Long-Term Debt	7
Examination Results and Comments:	
Capital Asset Records	8
Customer Deposit Register	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Downey	01-01-04 to 12-31-11
President of the Town Council	Mark A. Fulk	01-01-07 to 12-31-09
Superintendent of Water Utility	Kent Carter Cory Martin	01-01-07 to 03-31-07 04-01-07 to 12-31-09
Superintendent of Wastewater Utility	William D. Whitman	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 RUSSIAVILLE, HOWARD COUNTY, INDIANA

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

October 27, 2009

TOWN OF RUSSIAVILLE
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		Cash and Investments	
	01-01-07	Receipts	Disbursements	12-31-07
Governmental Funds:				
General	\$ 37,721	\$ 299,079	\$ 241,349	\$ 95,451
Motor Vehicle Highway	45,217	60,815	83,815	22,217
Local Road and Street	4,930	10,839	-	15,769
Law Enforcement Continuing Education	1,804	938	180	2,562
Riverboat	21,066	6,886	-	27,952
Rainy Day	28,118	-	10,969	17,149
Cumulative Capital Improvement	17,277	3,835	-	21,112
Cumulative Capital Development	4,218	12,846	-	17,064
County Economic Development Tax (CEDIT)	32,311	12,283	10,000	34,594
Trash Disposal	7,868	49,401	52,864	4,405
Operation Pullover	239	-	-	239
Proprietary Funds:				
Water Utility - Operating	595	196,572	195,493	1,674
Water Utility - Bond and Interest	86,853	86,405	92,566	80,692
Water Utility - Debt Service	61,530	15,710	13,900	63,340
Water Utility - Customer Deposit	4,340	-	-	4,340
Wastewater Utility - Operating	790	147,612	148,192	210
Wastewater Utility - Bond and Interest	88,654	88,105	86,190	90,569
Fiduciary Fund:				
Payroll	1,994	212,862	212,679	2,177
Totals	\$ 445,525	\$ 1,204,188	\$ 1,148,197	\$ 501,516
	Cash and Investments		Cash and Investments	
	01-01-08	Receipts	Disbursements	12-31-08
Governmental Funds:				
General	\$ 95,451	\$ 288,906	\$ 299,009	\$ 85,348
Motor Vehicle Highway	22,217	74,814	65,692	31,339
Local Road and Street	15,769	10,074	-	25,843
Law Enforcement Continuing Education	2,562	1,925	74	4,413
Riverboat	27,952	6,850	-	34,802
Rainy Day	17,149	-	6,700	10,449
Donation	-	1,000	-	1,000
Cumulative Capital Improvement	21,112	3,551	-	24,663
Cumulative Capital Development	17,064	13,104	-	30,168
Cumulative Building and Fire Fighting Equipment	34,594	13,256	-	47,850
Trash Disposal	4,405	51,843	55,283	965
Operation Pullover	239	-	-	239
Proprietary Funds:				
Water Utility - Operating	1,674	185,673	181,066	6,281
Water Utility - Bond and Interest	80,692	94,260	131,566	43,386
Water Utility - Debt Service	63,340	18,852	2,072	80,120
Water Utility - Depreciation	-	39,558	39,558	-
Water Utility - Customer Deposit	4,340	-	-	4,340
Wastewater Utility - Operating	210	142,543	135,307	7,446
Wastewater Utility - Bond and Interest	90,569	83,535	83,535	90,569
Wastewater Utility - Depreciation	-	2,788	2,788	-
Fiduciary Fund:				
Payroll	2,177	231,423	233,600	-
Totals	\$ 501,516	\$ 1,263,955	\$ 1,236,250	\$ 529,221

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

TOWN OF RUSSIAVILLE
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 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 RUSSIAVILLE
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.

Note 7. Subsequent Event

The Town of Russiaville has entered into an agreement with the New London Conservancy District for the Town to take over the operation of the conservancy Wastewater utility. This agreement had not been finalized as of December 31, 2008.

TOWN OF RUSSIAVILLE
 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:		
Revenue bonds:		
Waterworks Revenue Bonds of 2004	\$ 1,166,967	\$ 94,258
Total Water Utility	<u>1,166,967</u>	<u>94,258</u>
Wastewater Utility:		
Revenue bonds:		
Sewage Works Revenue Bonds of 1995	635,000	85,835
Total Wastewater Utility	<u>635,000</u>	<u>85,835</u>
Total business-type activities debt	<u>\$ 1,801,967</u>	<u>\$ 180,093</u>

TOWN OF RUSSIAVILLE
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town and Utilities did not present records of capital assets 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)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger. Due to the condition of the records, an accurate determination of the customer deposit balance could not be determined.

At all times the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balances 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 RUSSIAVILLE
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2009, with Linda Downey, Clerk-Treasurer; Mark A. Fulk, President of the Town Council; Jeff Lipinski, Vice President of the Town Council; Cindy Aeschliman, Town Council member; and Don Parvin, Town Council member.