

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

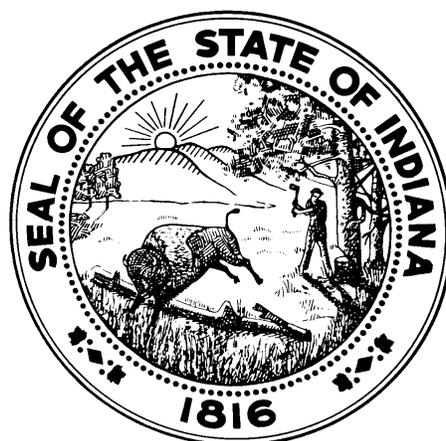
EXAMINATION REPORT

OF

TOWN OF VAN BUREN

GRANT COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**  
12/30/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michelle M. Sexton	01-01-04 to 12-31-11
President of the Town Council	Tony E. Manry	01-01-07 to 12-31-09
Superintendent of Utilities	James R. Webb	01-01-07 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF VAN BUREN, GRANT COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Van Buren (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

December 8, 2009

TOWN OF VAN BUREN  
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
<b>Governmental Funds:</b>				
General	\$ 238,933	\$ 302,397	\$ 299,467	\$ 241,863
Motor Vehicle Highway	97,728	35,109	21,327	111,510
Local Road and Street	63,481	9,208	7,600	65,089
Law Enforcement Continuing Education	1,116	200	80	1,236
Trash	23,465	25,868	27,234	22,099
Riverboat	17,676	5,895	-	23,571
Cumulative Capital Improvement	43,075	3,958	-	47,033
Cumulative Capital Development	80,801	66,580	-	147,381
Industrial Development Grant DOC	-	655	655	-
Levy Excess	20,713	-	19,715	998
<b>Proprietary Funds:</b>				
Water Utility - Operating	(20,153)	207,909	149,055	38,701
Water Utility - Bond and Interest	349,038	401,640	369,335	381,343
Water Utility - Debt Reserve	72,183	1,562	1,557	72,188
Water Utility - Customer Deposit	12,270	1,875	1,320	12,825
Water Utility - Depreciation	11,068	195	-	11,263
Water Utility - Plant Escrow	37,640	282	-	37,922
Water Utility - Construction	-	-	2,171	(2,171)
Wastewater Utility - Operating	70,674	156,767	121,108	106,333
Wastewater Utility - Customer Deposit	4,305	925	475	4,755
Wastewater Utility - Improvement	139,725	4,784	95,651	48,858
Wastewater Utility - Storm Sewer	(1,056)	36,069	7,404	27,609
<b>Fiduciary Fund:</b>				
Payroll	198	219,248	219,446	-
<b>Totals</b>	<b><u>\$ 1,262,880</u></b>	<b><u>\$ 1,481,126</u></b>	<b><u>\$ 1,343,600</u></b>	<b><u>\$ 1,400,406</u></b>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 241,863	\$ 333,160	\$ 304,476	\$ 270,547
Motor Vehicle Highway	111,510	27,284	14,667	124,127
Local Road and Street	65,089	8,905	10,656	63,338
Law Enforcement Continuing Education	1,236	360	-	1,596
Trash	22,099	26,219	26,474	21,844
Riverboat	23,571	5,866	-	29,437
Rainy Day	-	6,941	-	6,941
Cumulative Capital Improvement	47,033	4,264	-	51,297
Cumulative Capital Development	147,381	15,623	36,720	126,284
Levy Excess	998	-	-	998
<b>Proprietary Funds:</b>				
Water Utility - Operating	38,701	184,983	152,916	70,768
Water Utility - Bond and Interest	381,343	464,494	403,509	442,328
Water Utility - Debt Reserve	72,188	809	885	72,112
Water Utility - Customer Deposit	12,825	1,550	1,595	12,780
Water Utility - Depreciation	11,263	306	-	11,569
Water Utility - Plant Escrow	37,922	42	37,964	-
Water Utility - Construction	(2,171)	-	-	(2,171)
Wastewater Utility - Operating	106,333	148,849	135,736	119,446
Wastewater Utility - Customer Deposit	4,755	775	660	4,870
Wastewater Utility - Improvement	48,858	550,436	257,100	342,194
Wastewater Utility - Storm Sewer	27,609	37,640	12,416	52,833
<b>Fiduciary Fund:</b>				
Payroll	-	213,117	213,117	-
<b>Totals</b>	<b><u>\$ 1,400,406</u></b>	<b><u>\$ 2,031,623</u></b>	<b><u>\$ 1,608,891</u></b>	<b><u>\$ 1,823,138</u></b>

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

TOWN OF VAN BUREN  
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, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water and wastewater.

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 VAN BUREN  
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 Events

The Wastewater Utility is in the process of upgrading the treatment facility and has been awarded a Rural Development grant of \$864,000 of which \$550,000 was received in 2008 and will be receiving a loan from the United States Department of Agriculture for \$1,300,000.

TOWN OF VAN BUREN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 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.

General infrastructure assets completed in the current years has been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 18,000
Infrastructure	180,690
Buildings	279,348
Machinery and equipment	<u>486,298</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>964,336</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 3,915
Buildings	468,074
Improvements other than buildings	921,009
Machinery and equipment	<u>478,440</u>
 Total Water Utility capital assets	 <u>1,871,438</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	69,248
Buildings	1,969
Improvements other than buildings	2,077,324
Machinery and equipment	<u>82,884</u>
 Total Wastewater Utility capital assets	 <u>2,231,425</u>
 Total business-type activities capital assets	 \$ <u>4,102,863</u>

TOWN OF VAN BUREN  
 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
Governmental activities:		
Capital leases:		
Case backhoe	\$ 9,340	\$ 6,512
Pickup truck	5,119	5,472
Police car	15,838	8,487
Rescue truck	<u>49,849</u>	<u>18,861</u>
Total governmental activities debt	<u>\$ 80,146</u>	<u>\$ 39,332</u>
Business-type activities:		
Water Utility:		
Capital lease:		
Case backhoe	\$ 4,670	\$ 3,256
Loans payable:		
State revolving fund loan	722,000	69,843
2005 tax increment fund project	<u>1,915,000</u>	<u>80,190</u>
Total Water Utility	<u>2,641,670</u>	<u>153,289</u>
Wastewater Utility:		
Capital lease:		
Case backhoe	<u>4,670</u>	<u>3,256</u>
Total business-type activities debt	<u>\$ 2,646,340</u>	<u>\$ 156,545</u>

TOWN OF VAN BUREN  
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. For the examination period, there were three months where only five deposits were made during the month. A similar comment appeared in prior Report B31429.

IC 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CONTRACT - TRASH COLLECTION

Payments to a vendor for trash collection in 2008 totaled \$26,460. The contract amount was \$25,200. The difference of \$1,260 was billed by the vendor for fuel surcharges. Fuel surcharges were not included or addressed in the contract between the Town and the vendor.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REPAYMENTS AND TRANSFERS

In 2004 and 2005, the Town spent \$54,000 to purchase land and make improvements to the land. These expenditures were made from the General Fund (\$35,402), the Motor Vehicle Highway Fund (\$9,223), the Water Utility Operating Fund (\$1,263), and the Wastewater Utility Operating Fund (\$8,112).

A lease with an obligation to purchase the land and improvements was entered into with a local bank. In November 2007, the bank paid the lease/purchase agreement in full in the amount of \$54,000. The total amount was receipted to the Cumulative Capital Development Fund, however, it should have receipted to the funds from which it was originally disbursed.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS - INVESTMENT TRANSACTIONS

On two occasions a certificate of deposit matured and was not deposited into a Town bank account. The matured certificate of deposit along with a Town check was used to purchase a new certificate of deposit, thereby increasing the principal amount. On another occasion, a check of \$54,000 was received and used to purchase a certificate of deposit directly without depositing the check into a Town bank account and then issuing a check for the purchase of the certificate of deposit.

TOWN OF VAN BUREN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

When an investment is made the treasurer shall issue a warrant payable to the financial institution from which the investment is purchased. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PERSONAL EXPENSES

Town funds were used to pay for Christmas parties for Town employees and their guests. Expenditures of \$710 and \$397 were made for parties held in 2007 and 2008, respectively.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses 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)

OVERDRAWN CASH BALANCE

The cash balance of the Water Utility Construction Fund was overdrawn in 2007 and 2008. A similar comment appeared in prior Report B31429.

The cash 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)

COLLECTION OF AMOUNTS DUE

As noted in prior Report B31429, the Clerk-Treasurer was overpaid \$1,500 in 2003. In a written agreement dated October 19, 2005, the Clerk-Treasurer agreed to withhold \$25 from her salary each pay beginning November 11, 2005, until the amount was repaid in full. As of December 31, 2008, there was an unpaid balance of \$1,150. On March 3, 2009, the Clerk-Treasurer made a payment of \$1,150 to the Town.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF VAN BUREN  
EXIT CONFERENCE

The contents of this report were discussed on December 8, 2009, with Michelle M. Sexton, Clerk-Treasurer; and Tony E. Manry, President of the Town Council. The officials concurred with our findings.