

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

EXAMINATION REPORT  
OF  
TOWN OF MELLOTT  
FOUNTAIN COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
01/20/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Vickie S. Austin	01-01-06 to 12-31-11
President of the Town Council	David L Keller	01-01-07 to 12-31-07
	Daffanie Spencer	01-01-08 to 12-31-08
	Valerie Smart	01-01-09 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 MELLOTT, FOUNTAIN COUNTY, INDIANA

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

December 17, 2009

TOWN OF MELLOTT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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	\$ 5,209	\$ 20,109	\$ 23,725	\$ 1,593
Motor Vehicle Highway	4,740	19,005	8,180	15,565
Local Road and Street	12,292	1,076	625	12,743
Riverboat	2,608	1,305	-	3,913
Levy Excess	138	234	138	234
Donation	1,000	-	425	575
Cumulative Capital Improvement	1,119	727	-	1,846
Totals	<u>\$ 27,106</u>	<u>\$ 42,456</u>	<u>\$ 33,093</u>	<u>\$ 36,469</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 1,593	\$ 14,839	\$ 15,301	\$ 1,131
Motor Vehicle Highway	15,565	7,154	1,405	21,314
Local Road and Street	12,743	1,020	3,000	10,763
Riverboat	3,913	1,299	-	5,212
Levy Excess	234	-	-	234
Donation	575	-	-	575
Cumulative Capital Improvement	1,846	673	-	2,519
Totals	<u>\$ 36,469</u>	<u>\$ 24,985</u>	<u>\$ 19,706</u>	<u>\$ 41,748</u>

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

TOWN OF MELLOTT  
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, 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. However, due to property tax reassessment the two installments for 2007 were due June 8 and November 13 and the installments due for 2008 were due November 10, 2008 and January 12, 2009.

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 MELLOTT  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Motor Vehicle Highway	2007	\$ 8,180
Local Roads and Streets	2007	625

IC 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 ASSET RECORDS

As previously reported, the Town does not maintain a record of their capital assets.

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)

DEPOSITS

The County Auditor distributes wheel tax and surtax monthly to the Town. Three of those monthly distributions were deposited later than the next business day during the examination period

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."

OFFICIAL BOND

The Clerk-Treasurer's official bonds for 2008 and 2009 were not filed in the Office of the County Recorder.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

TOWN OF MELLOTT  
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2009, with Vickie S. Austin, Clerk-Treasurer; and Valerie Smart, President of the Town Council. The officials concurred with our findings.