

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

EXAMINATION REPORT  
OF  
TOWN OF MT. AUBURN  
WAYNE COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
01/26/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Misty Archer Kim Owens (Interim)	01-01-07 to 12-14-09 12-15-09 to 12-31-09
President of the Town Council	John Heflin	01-01-07 to 12-31-09



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MT. AUBURN, WAYNE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Mt. Auburn (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 14, 2009

TOWN OF MT. AUBURN  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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	\$ (2,140)	\$ 19,607	\$ 15,314	\$ 2,153
Motor Vehicle Highway	18,566	3,193	5,000	16,759
Local Road and Street	24,046	953	7,800	17,199
Riverboat	1,418	473	-	1,891
Rainy Day	725	-	-	725
Cumulative Capital Improvement	6,650	404	-	7,054
Economic Development Income Tax	13,545	1,385	-	14,930
Fiduciary Fund:				
Levy Excess	489	-	-	489
Totals	<u>\$ 63,299</u>	<u>\$ 26,015</u>	<u>\$ 28,114</u>	<u>\$ 61,200</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 2,153	\$ 14,851	\$ 14,813	\$ 2,191
Motor Vehicle Highway	16,759	2,061	-	18,820
Local Road and Street	17,199	681	-	17,880
Riverboat	1,891	470	-	2,361
Rainy Day	725	-	-	725
Cumulative Capital Improvement	7,054	116	-	7,170
Economic Development Income Tax	14,930	1,589	-	16,519
Fiduciary Fund:				
Levy Excess	489	-	-	489
Totals	<u>\$ 61,200</u>	<u>\$ 19,768</u>	<u>\$ 14,813</u>	<u>\$ 66,155</u>

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

TOWN OF MT. AUBURN  
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 MT. AUBURN  
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

Motor vehicle highway and local road and street distributions are received monthly by the Town. Nine of the monthly distributions in 2007 and eight of the monthly distributions in 2008 were deposited in the month following the date of receipt. In 2007, only six deposits were made and, in 2008, only four deposits were made.

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town did not issue a Form 1099 to an individual paid \$1,250 for park maintenance in the years 2007 and 2008.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES, INTEREST, AND OTHER CHARGES

Seven times, late fees totaling \$15 were paid to vendors during the examination period.

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)

TOWN OF MT. AUBURN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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>
General	2007	\$ 6,548
Local Road and Street	2007	6,913

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

The Town does not have a record of capital assets. A similar comment appeared in prior Report B30384.

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)

OFFICIAL BOND

The Clerk-Treasurer's official bond for the period March 14, 2007 to March 17, 2008, was not filed in the Office of the County Recorder. No official bond coverage was in effect after March 17, 2008.

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. . . ."

ANNUAL REPORT

No annual report for 2007 or 2008 was presented for examination.

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

TOWN OF MT. AUBURN  
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2009, with Misty Archer, Clerk-Treasurer. The official concurred with our findings.