

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

EXAMINATION REPORT

OF

TOWN OF MEDORA

JACKSON 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	Betty M. Campbell	01-01-04 to 12-31-11
President of the Town Council	James L. Davers	01-01-07 to 12-31-09
Superintendent of Utilities	Melvin Hunsucker	01-01-07 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 MEDORA, JACKSON COUNTY, INDIANA

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

December 22, 2009

TOWN OF MEDORA
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	\$ (7,037)	\$ 57,500	\$ 92,085	\$ (41,622)
Motor Vehicle Highway	19,132	20,421	13,190	26,363
Local Road and Street	36,741	3,801	-	40,542
Law Enforcement Continuing Education	1,790	966	-	2,756
Riverboat	14,104	3,563	2,188	15,479
Park and Recreation	8,454	5,326	9,448	4,332
Plastic Factory	13,933	31,200	35,123	10,010
Cumulative Capital Improvement	6,942	1,985	-	8,927
Cumulative Capital Development	32,655	1,424	-	34,079
Economic Development Income Tax	36,459	4,735	-	41,194
Proprietary Funds:				
Water Utility - Operating	30,131	164,983	140,901	54,213
Water Utility - Bond and Interest	87,128	62,628	58,633	91,123
Water Utility - Customer Deposit	11,875	4,200	2,914	13,161
Wastewater Utility - Operating	63,577	86,574	104,639	45,512
Wastewater Utility - Bond and Interest	80,295	33,600	20,550	93,345
Wastewater Utility - Sewer Planning Grant	300	30,000	30,000	300
Fiduciary Fund:				
Payroll	(22)	111,082	111,060	-
Totals	<u>\$ 436,457</u>	<u>\$ 623,988</u>	<u>\$ 620,731</u>	<u>\$ 439,714</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ (41,622)	\$ 67,744	\$ 79,420	\$ (53,298)
Motor Vehicle Highway	26,363	15,366	15,572	26,157
Local Road and Street	40,542	3,587	2,055	42,074
Law Enforcement Continuing Education	2,756	1,533	498	3,791
Riverboat	15,479	3,544	-	19,023
Park and Recreation	4,332	2,323	2,632	4,023
Plastic Factory	10,010	-	10,010	-
Rainy Day	-	2,362	-	2,362
Cumulative Capital Improvement	8,927	1,837	9,000	1,764
Cumulative Capital Development	34,079	1,107	-	35,186
Economic Development Income Tax	41,194	4,785	3,719	42,260
Proprietary Funds:				
Water Utility - Operating	54,213	139,326	127,631	65,908
Water Utility - Bond and Interest	91,123	31,314	55,965	66,472
Water Utility - Customer Deposit	13,161	5,250	2,314	16,097
Wastewater Utility - Operating	45,512	90,301	94,288	41,525
Wastewater Utility - Bond and Interest	93,345	16,800	20,200	89,945
Wastewater Utility - Sewer Planning Grant	300	-	-	300
Fiduciary Fund:				
Payroll	-	120,084	120,084	-
Totals	<u>\$ 439,714</u>	<u>\$ 507,263</u>	<u>\$ 543,388</u>	<u>\$ 403,589</u>

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

TOWN OF MEDORA
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, culture and recreation, public improvements, general administrative services, and water and wastewater 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.

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.

Note 6. Subsequent Event

The Town received approval for a \$500,000 Community Development Block Grant (CDBG) on March 9, 2009, for the purpose of Wastewater Improvements.

TOWN OF MEDORA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1992 Water Improvement Revenue Bonds	\$ 150,000	\$ 34,625
2003 Water Refunding Revenue Bonds	<u>60,000</u>	<u>18,672</u>
Total Water Utility	<u>210,000</u>	<u>53,297</u>
Wastewater Utility:		
Revenue bonds:		
1988 Wastewater Repair and Maintenance Revenue Bonds	<u>257,000</u>	<u>20,850</u>
Total business-type activities long-term debt	<u>\$ 467,000</u>	<u>\$ 74,147</u>

TOWN OF MEDORA
EXAMINATION RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The General Fund was overdrawn in 2007 and 2008.

The fund 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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General	2008	\$ 12,605
General	2007	13,266

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."

SERVICE RECORDS

No employee service record is being maintained for the Utility Superintendent and Town Marshal showing leave time earned and used. The salary ordinance specifies they are to earn and use leave time according to Town personnel policies.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The Town and its Utilities do not maintain sufficient detailed records of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable 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)

TOWN OF MEDORA
EXAMINATION RESULT AND COMMENT
(Continued)

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS

Gross revenues were not being distributed to the various Utility funds in accordance with Waterworks Bond Ordinance No. 2003-3 and Wastewater Bond Ordinance No. 1988-5.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent Wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May . . ."

TOWN OF MEDORA
EXIT CONFERENCE

The contents of this report were discussed on December 22, 2009, with Betty M. Campbell, Clerk-Treasurer, and James L. Davers, President of the Town Council.