

B36999

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

EXAMINATION REPORT
OF
TOWN OF VERNON
JENNINGS COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/18/2010

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	4-5
Notes to Financial Information	6
Supplementary Information: Schedule of Long-Term Debt	7
Examination Results and Comments: Capital Asset Records	8
Guarantee Deposit Register	8
Exit Conference.....	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marietta Jean Rockey	03-01-06 to 03-07-12
Mayor	Dan Wright	03-01-06 to 03-07-12



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 VERNON, JENNINGS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Vernon (Town), for the period of January 1, 2007 to December 31, 2009. 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, 2008, and 2009, 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

March 30, 2010

TOWN OF VERNON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 23,122	\$ 55,871	\$ 42,538	\$ 36,455
Motor Vehicle Highway	8,779	11,866	6,668	13,977
Local Road and Street	4,489	1,874	2,800	3,563
Park and Recreation	344	-	-	344
Riverboat	8,404	2,125	-	10,529
Gym	12,024	13,482	14,059	11,447
Gift	14,168	4,640	1,782	17,026
Cumulative Capital Improvement	11,721	1,159	958	11,922
Economic Development Income Tax	12,241	13,882	-	26,123
Proprietary Funds:				
Water Utility - Operating	87,438	97,383	105,603	79,218
Water Utility - Bond and Interest	8,473	30,000	30,318	8,155
Water Utility - Reserve	46,127	3,415	-	49,542
Water Utility - Customer Deposit	7,562	220	180	7,602
Wastewater Utility - Operating	6,187	109,773	100,974	14,986
Wastewater Utility - Bond and Interest	9,330	7,000	13,378	2,952
Wastewater Utility - Depreciation	161	-	-	161
Wastewater Utility - Customer Deposit	3,589	270	210	3,649
Wastewater Utility - Match Money	5,562	-	5,562	-
Totals	<u>\$ 269,721</u>	<u>\$ 352,960</u>	<u>\$ 325,030</u>	<u>\$ 297,651</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 36,455	\$ 38,000	\$ 50,558	\$ 23,897
Motor Vehicle Highway	13,977	8,919	6,014	16,882
Local Road and Street	3,563	1,801	657	4,707
Park and Recreation	344	-	-	344
Riverboat	10,529	2,102	10,000	2,631
Gym	11,447	15,475	14,106	12,816
Gift	17,026	2,524	2,614	16,936
Cumulative Capital Improvement	11,922	1,073	-	12,995
Economic Development Income Tax	26,123	14,096	10,290	29,929
Proprietary Funds:				
Water Utility - Operating	79,218	98,810	139,519	38,509
Water Utility - Bond and Interest	8,155	32,000	30,868	9,287
Water Utility - Reserve	49,542	3,429	-	52,971
Water Utility - Customer Deposit	7,602	340	233	7,709
Wastewater Utility - Operating	14,986	105,943	107,345	13,584
Wastewater Utility - Bond and Interest	2,952	7,200	9,900	252
Wastewater Utility - Depreciation	161	-	-	161
Wastewater Utility - Customer Deposit	3,649	510	269	3,890
Totals	<u>\$ 297,651</u>	<u>\$ 332,222</u>	<u>\$ 382,373</u>	<u>\$ 247,500</u>

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

TOWN OF VERNON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 23,897	\$ 58,838	\$ 62,301	\$ 20,434
Motor Vehicle Highway	16,882	7,479	14,633	9,728
Local Road and Street	4,707	2,926	3,147	4,486
Park and Recreation	344	-	-	344
Riverboat	2,631	2,074	-	4,705
Gym	12,816	13,299	15,604	10,511
Gift	16,936	3,480	3,104	17,312
Cumulative Capital Improvement	12,995	1,011	8,000	6,006
Economic Development Income Tax	29,929	12,664	11,973	30,620
Proprietary Funds:				
Water Utility - Operating	38,509	97,489	114,615	21,383
Water Utility - Bond and Interest	9,287	21,079	30,366	-
Water Utility - Reserve	52,971	3,320	-	56,291
Water Utility - Customer Deposit	7,709	520	80	8,149
Wastewater Utility - Operating	13,584	123,581	107,359	29,806
Wastewater Utility - Bond and Interest	252	10,600	10,477	375
Wastewater Utility - Depreciation	161	-	-	161
Wastewater Utility - Customer Deposit	3,890	720	86	4,524
Totals	<u>\$ 247,500</u>	<u>\$ 359,080</u>	<u>\$ 381,745</u>	<u>\$ 224,835</u>

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

TOWN OF VERNON
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, highway and streets, culture and recreation, public improvements, sanitation, 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.

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 VERNON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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 Waterworks Improvements Revenue Bonds	\$ 397,350	\$ 29,868
Wastewater Utility:		
Revenue bonds:		
1994 Wastewater Improvements Revenue Bonds	<u>50,000</u>	<u>10,023</u>
Total business-type activities long-term debt	<u>\$ 447,350</u>	<u>\$ 39,891</u>

TOWN OF VERNON
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS (Applies to Clerk-Treasurer)

The Town does not maintain detailed records of capital assets for its governmental activities or its proprietary funds.

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 form. 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)

A similar comment was reported in prior Report B30222.

GUARANTEE DEPOSIT REGISTER (Applies to Water and Wastewater Utilities)

We noted the following regarding the keeping of the Guarantee Deposit Register (Form 314) that provides a detailed record of deposits held for individual customers:

1. Reconcilements between the guarantee deposit registers and the respective cash balances held in the customer deposit fund for the Water and Wastewater Utilities were not presented for examination.
2. Deposit refunds and applications of deposits to outstanding balances to customer accounts were not always being recorded in the Guarantee Deposit Register.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance 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)

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)

A similar comment was reported in prior Report B30222.

TOWN OF VERNON
EXIT CONFERENCE

The contents of this report were discussed on March 30, 2010, with Marietta Jean Rockey, Clerk-Treasurer; and Dan Wright, Mayor. The officials concurred with our findings.