

B37081

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

EXAMINATION REPORT  
OF  
TOWN OF ROCKVILLE  
PARKE COUNTY, INDIANA  
January 1, 2009 to December 31, 2009



**FILED**  
06/02/2010



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedule of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5-6
Supplementary Information:	
Schedule of Long-Term Debt .....	7
Examination Results and Comments:	
Buckman Company.....	8
Personal Expenses .....	8-9
Basic Insurance.....	9-10
Bond Coverage .....	10
Post War Construction Fund Grant.....	10
Contracts Not Available for Review .....	10
List of Employees Not Filed With County Treasurer.....	11
Ordinances and Resolutions .....	11
Optical Images of Warrants .....	11-12
Prescribed Forms .....	12
Approval of Claims .....	12-13
Advance Payments .....	13
Compensation and Benefits.....	13
Public Works Law - Change Orders.....	13
Repayments .....	14
Appropriations .....	14
Penalties, Interest, and Other Charges.....	14-15
Annual Report .....	15
Overdrawn Fund Balances .....	15
Investment Maturity Limitations .....	15
Investment Transactions .....	15
Bank Account Reconciliations.....	16
Crime Insurance Policies .....	16
Exit Conference.....	17
Summary .....	18
Affidavit .....	19

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lisa Wilcox	01-01-08 to 10-09-09
	Karen Berry	10-10-09 to 10-16-09
	Patty Overpeck	10-17-09 to 11-11-09
	Darrell L. Smiley	11-12-09 to 12-31-11
President of the Town Council	Norman Camerer	01-01-09 to 12-31-10
Superintendent of Utilities	John Montgomery	01-01-09 to 03-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROCKVILLE, PARKE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Rockville (Town), for the period of January 1, 2009 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 year ended December 31, 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

April 7, 2010

TOWN OF ROCKVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 36,463	\$ 485,569	\$ 583,600	\$ (61,568)
Motor Vehicle Highway	73,914	162,862	177,167	59,609
Local Road and Street	23,975	8,482	-	32,457
Park and Recreation	23,337	57,224	70,847	9,714
Park Special Donations	-	1,550	468	1,082
Law Enforcement Continuing Education	1,352	172	108	1,416
Police Miscellaneous	14,117	7,905	2,831	19,191
Cemetery	51,040	125,037	106,108	69,969
Cemetery Permanent Care	40,845	1,389	488	41,746
Swimming Pool	85,684	66,425	42,059	110,050
Unsafe Building Fund	1,016	-	278	738
Rainy Day	5,416	9,960	1,560	13,816
Urban Development	46,951	1,913	-	48,864
Cumulative Capital Improvement	130,705	8,479	27,355	111,829
Cumulative Capital Development	477,814	24,099	398,228	103,685
Levy Excess	8,513	-	-	8,513
Public Safety Fund	63,585	106,339	24,445	145,479
Proprietary Funds:				
Water Utility - Operating	108,739	700,930	666,918	142,751
Water Utility - Bond and Interest	326,827	170,105	316,949	179,983
Water Utility - Debt Service	308,618	4,558	-	313,176
Water Utility - Customer Deposit	31,872	3,075	2,286	32,661
Water Utility - Improvement	1,762	-	-	1,762
Wastewater Utility - Operating	(41,406)	625,159	755,929	(172,176)
Wastewater Utility - Bond and Interest	311,056	225,262	192,613	343,705
Wastewater Utility - Debt Service	385,806	5,287	-	391,093
Wastewater Utility - Construction	-	423,080	421,022	2,058
Wastewater Utility - Improvement	5,281	11,000	-	16,281
Electric Utility - Operating	685,912	3,005,384	3,107,485	583,811
Electric Utility - Depreciation	616,339	14,742	149,891	481,190
Electric Utility - Customer Deposit	227,372	15,315	13,951	228,736
Electric Utility - Cash Reserve	394,877	8,775	-	403,652
Electric Utility - Construction	-	274,843	15,239	259,604
Stormwater Utility - Operating	-	32,156	3,369	28,787
Fiduciary Funds:				
Payroll	27,569	330,718	280,365	77,922
Pekin Insurance Fund	-	10,000	-	10,000
Totals	<u>\$ 4,475,351</u>	<u>\$ 6,927,794</u>	<u>\$ 7,361,559</u>	<u>\$ 4,041,586</u>

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

TOWN OF ROCKVILLE  
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, water, wastewater, electric, 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 ROCKVILLE  
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.

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

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 158,000	\$ 19,172
Bond Anticipation Notes	<u>274,762</u>	<u>281,494</u>
Total governmental activities debt	<u>\$ 432,762</u>	<u>\$ 300,666</u>
Business-type activities:		
Water Utility:		
Water Improvement SRF	\$ 1,936,000	\$ 34,074
Wastewater Utility:		
Capital leases:		
Truck	174,450	51,173
Revenue bonds:		
1998 Sewer Improvement	97,000	24,407
2000 Sewer Improvement	<u>1,364,091</u>	<u>113,530</u>
Total Wastewater Utility	<u>1,635,541</u>	<u>189,110</u>
Total business-type activities debt	<u>\$ 3,571,541</u>	<u>\$ 223,184</u>

TOWN OF ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS

BUCKMAN COMPANY

Check number 1080, dated November 17, 2009, in the amount of \$43,200 and check number 1091, dated December 7, 2009, in the amount of \$14,559 were issued to the Buckman Company. A refund of \$14,559 was made to the Town via a cashier's check dated December 18, 2009, along with a letter stating that "due to unforeseen circumstances, the Buckman Company will not be able to fulfill its commitment to the previously agreed contract/project." Per a statement given by the Town Council President, there was no contract with the Buckman Company. No evidence of any work performed was presented for audit. The State Police and the Inspector General's Office determined that the Buckman Company was a fictitious company established by Neil Goheen, former Town Manager. Neil Goheen was requested to reimburse the Town \$43,200 for unauthorized payments to the Buckman Company. (See summary, page 18)

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 Manual for Cities and Towns, Chapter 7).

PERSONAL EXPENSES

On July 14, 2009, check number 10357 was issued to Rick's Auto Service in the amount of \$418.26. The State Police and the Inspector General's Office determined that this was for repairs to the personal vehicle of Neil Goheen, former Town Manager.

There were numerous instances of Neil Goheen charging gasoline to the Town. Per a statement given by the Town Council President, Neil Goheen did not drive a Town vehicle and was not authorized to purchase gasoline for his personal vehicle. The following is a schedule of gasoline charged by Neil Goheen:

<u>Date</u>	<u>Amount</u>	<u>Voucher No.</u>
02-17-09	\$ 37.00	247
02-20-09	48.00	247
03-20-09	36.00	357
03-24-09	42.21	406
03-31-09	45.60	406
04-06-09	44.00	406
04-15-09	39.54	406
04-17-09	15.25	406
04-21-09	42.89	541
05-04-09	38.60	541
05-11-09	43.00	541
05-21-09	48.50	642
05-22-09	12.75	642
05-27-09	55.00	642
06-11-09	42.40	642
06-30-09	29.13	705

TOWN OF ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

<u>Date</u>	<u>Amount</u>	<u>Voucher No.</u>
07-06-09	32.24	705
07-15-09	45.16	705
07-17-09	9.19	705
07-23-09	47.13	845
07-30-09	50.86	845
08-05-09	52.00	845
08-11-09	55.22	845
09-04-09	12.00	934
09-15-09	50.00	934
09-22-09	50.01	1051
09-28-09	49.00	1051
09-30-09	28.00	1051
10-06-09	49.89	1051
10-09-09	21.01	1051
10-13-09	45.76	1051
10-15-09	23.00	1051
10-22-09	52.00	1133
10-26-09	31.00	1133
10-29-09	52.00	1133
11-02-09	55.00	1133
11-09-09	45.30	1133
11-13-09	40.23	1133
Total	<u>\$ 1,515.87</u>	

We requested that Neil Goheen, former Town Manager, reimburse the Town \$418.26 for unauthorized vehicle repairs and \$1,515.87 for unauthorized gas purchases. (See summary, page 18)

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 entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BASIC INSURANCE

The Town offers its employees a Flexible Spending Account through Basic Insurance. This is to be used for medical co-payments and prescriptions. This plan date range is from May 1 through April 30 of the following year. Employees that are interested are required to enroll and pledge an annual amount. A payroll deduction is deducted from their payroll check each pay period over the next 26 pays to equal the annual contribution. The Flexible Spending Account is prefunded by the Town and the employee can use their full annual contribution amount at the start of the plan date. Lisa Wilcox, former Clerk-Treasurer, terminated her employment with the Town as of October 9, 2009. Disbursements totaling \$300.21 were incurred after Lisa's resignation. We requested Lisa reimburse the Town \$300.21. (See Summary, page 18)

TOWN OF ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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 entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BOND COVERAGE

The following is information based on a Crime Insurance Policy and an official bond which was presented for our examination:

Company: Westfield Companies  
Type of Coverage: Government Crime Policy  
Period of Coverage: 04/01/07 to 04/01/10

Company: Western Surety Company  
Type of Coverage: Public Official Bond for Lisa Wilcox, former Clerk-Treasurer  
Period of Coverage: 01/01/08 to 01/01/12

POST WAR CONSTRUCTION FUND GRANT

The State Budget Committee approved a Post War Construction Fund Grant for the Town of Rockville to be administered by the State Budget Agency to improve and enhance the Wastewater Treatment Plant capabilities. Several expenditures were made which did not relate to the wastewater project. \$75,534 was for water operating expenses; \$8,056 was for storm water; \$27,452 was for wastewater operating expense; and \$57,759 was paid to the Buckman Company which the State Police and Inspector General's Office determined to be a fictitious company. The officials were advised that they may have to refund the State of Indiana the expenditures not related to the wastewater project.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONTRACTS NOT AVAILABLE FOR REVIEW

Payments totaling \$447,262 were paid for the Post War Construction Fund Wastewater Project in 2009. No contracts were presented for audit. There were also indications that payments were made prior to goods or services being received.

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, etc., must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received 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 ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

ORDINANCES AND RESOLUTIONS

The Town does not have an Ordinance for the Electric Utility that states the amount required for a customer deposit.

Ordinance 2000-656 does not adequately explain how the unit should handle meals purchased by employees while traveling. Part of the ordinance states it is a \$35 per diem but another part of the ordinance states the employees need to remit receipts and will be reimbursed.

The Town does not have a policy that states the percentage of coverage for medical and life insurance that the Town will pay for each non-employee and employee.

The Town does not have a policy that states Judy Holaday, Rockville Public Housing Authority, and Ronda Brown, Town Attorney, could be included on the insurance policy. Neither individual is an employee of the Town. The Pekin Insurance Policy states that to qualify for the insurance you have to be a full-time employee that works a minimum of 30 hours per week.

Water improvement project: The bond ordinance requires 1/12 of the principal and 1/6 of the interest payable on the next principal and interest payment shall be transferred to the Waterworks Bond and Interest Fund. Required transfers were \$176,843. Actual transfers were \$170,000.

The Sewage works bond ordinance requires the Operation and Maintenance Fund must equal at least two months of normal operating costs. The balance at December 31, 2009, was (\$172,176).

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)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

IC 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

TOWN OF ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

PREScribed FORMS

The following prescribed or approved form was not in use for the Utility Departments:

99A - Employee Service Record

The Town provided an excel spreadsheet with employees names and totals for comp, sick and vacation time. The supporting documentation was not provided for audit. Vacation time cannot be carried over into the next anniversary year.

Several employees reflected very high vacation and comp hours. This could not be verified.

The police department did not provide time cards for the pay period tested.

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)

APPROVAL OF CLAIMS

IC 36-4-8 and IC 36-5-4-12 allow a town council to adopt an ordinance allowing the city or town fiscal officer to pay certain types of claims prior to board allowance. The types of claims which could be paid before board allowance include: (1) property or services purchased from the U.S. Government, (2) License or permit fees, (3) Insurance premiums, (4) Utility payments or connection charges, (5) General grant programs where advance refunding is not prohibited and the contracting party posts sufficient security to cover the amount advanced, (6) Grants of State funds, (7) Maintenance or service agreements, (8) Leases or rental agreements, (9) Bond or coupon payments, (10) Payroll, (11) State, federal or county taxes, (12) expenses that must be paid because of emergency circumstances, and (13) expenses described in ordinance.

During 2009, payments for claims totaling \$947,266.27 were paid prior to board approval which did not meet the above criteria. There were also payments for claims totaling \$39,580.29 that were never presented to the board for approval. Also, not all of the claims reviewed were signed by the Clerk-Treasurer or the person who received the goods or services.

TOWN OF ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

ADVANCE PAYMENTS

Payments were made to employees from petty cash for business trips for food per diem in advance. The Town does not have a written policy regarding travel advances.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

Neal Wirth, Police Chief, received \$500 in payments for 2009 for animal control which was not included in the payroll system or on the salary ordinance.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC WORKS LAW - CHANGE ORDERS

The Town entered into agreements for demolition of the Masonic Building for \$149,000 and the Harriett Building for \$85,000. Change orders for the two projects totaled \$49,800 and \$51,200, respectively, which exceeds the 20% allowed by statute. All of the change orders were reasonably foreseeable.

If, in the course of construction, reconstruction or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. All change orders must be directly related to the original public work project. (Accounting and Uniform Compliance Manual for Cities and Towns, Chapter 7)

Increase in Scope of Project. The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project. (Accounting and Uniform Compliance Manual for Cities and Towns, Chapter 7)

TOWN OF ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

REPAYMENTS

The Town minutes states that the town pays 90% of the health insurance premiums for all employees. Dewey White, Council member, had not paid his portion of the premiums (\$70.60 per month) for September-December 2009. Dewey paid the full amount owed in February 2010 of \$282.40.

The Town paid a portion of the insurance deductible for Judy Holaday, who is a not a Town employee, totaling \$1,223.82. As of March 1, 2010, Judy has repaid \$600 toward her balance.

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)

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
General Fund	2009	\$ 24,955.86
Cumulative Capital Improvement	2009	23,849.64
Cumulative Capital Development	2009	363,227.52
Rainy Day Fund	2009	1,559.98
Public Safety Fund	2009	24,444.69

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."

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$1,431.09 were paid to the Indiana Department of Revenue on withholding for the 4th quarter 2009.

The Form 941 payments for December 2009 were paid late to the Internal Revenue Service. The IRS has assessed penalties and interest totaling \$689.81.

Three quarterly Utility Receipt tax payments were filed late with the Indiana Department of Revenue. The Indiana Department of Revenue has not assessed late fees as of March 2010.

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.

TOWN OF ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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)

ANNUAL REPORT

An annual report for 2009 was not presented for audit.

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 . . ."

OVERDRAWN FUND BALANCES

The General Fund was overdrawn \$61,568 and the Wastewater Operating Fund was overdrawn \$172,176 at December 31, 2009.

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)

INVESTMENT MATURITY LIMITATIONS

The governmental unit purchased certain investments which have a stated maturity in excess of two years.

IC 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

INVESTMENT TRANSACTIONS

A Certificate of Deposit purchased from the Electric Depreciation Fund was cashed in July 2009 but was receipted into the Electric Operating Fund.

When the investments by fund are sold, the full amount of such sale should be entered as receipt to the fund from which the investment was made. The receipt should show separately the principal (purchase price) received and the interest received from the investment. At this time, the net purchase price (purchase price less accrued interest) should also be entered as a disbursement from the "Investments Fund." (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROCKVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not reconciled timely. The Town reconciled at the end of April 30, 2009, and reconcilements were not performed until the end of October 2009. The Town hired an outside consultant in October 2009 to reconcile the town accounts.

The outstanding check list as of December 31, 2009, was not accurate. Adjustments were made by Karen Berry, Deputy Clerk-Treasurer, by deleting outstanding checks that had cleared in the prior month.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or 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 responsibility for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CRIME INSURANCE POLICIES

The crime insurance policy procured by Ohio Farmers Insurance Company has not been filed in the office of the County Recorder.

Crime insurance policies permitted by statute should be recorded in the same manner as official bonds under IC 5-4. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROCKVILLE  
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2010, with Norman Camerer, President of the Town Council; Kelly Price, Town Board member; Darrell L. Smiley, Clerk-Treasurer; Patty Overpeck, former Clerk-Treasurer; Karen Berry, former Clerk-Treasurer; and Lisa Wilcox, former Clerk-Treasurer. The officials concurred with our findings.



AFFIDAVIT

STATE OF INDIANA            )  
    Parke                    )  
                                  COUNTY)

We, David Pettit and Melissa Griffin, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Rockville, Parke County, Indiana, for the period from January 1, 2009 to December 31, 2009, is true and correct to the best of our knowledge and belief.

David a. Pettit

Melissa Griffin  
Field Examiners

Subscribed and sworn to before me this 17 day of May, 2010.

Kim Shorter  
Clerk of the Circuit Court