

B37152

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

EXAMINATION REPORT

OF

TOWN OF AMBOY

MIAMI COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
06/24/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Danyel M. Miller	01-01-08 to 12-31-11
President of the Town Council	Jack Hunt	01-01-06 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF AMBOY, MIAMI COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Amboy (Town), for the period of January 1, 2008 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, 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

June 1, 2010

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

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 5,910	\$ 72,003	\$ 82,408	\$ (4,495)
Motor Vehicle Highway	21,771	9,720	15,834	15,657
Local Road and Street	22,122	1,942	14,710	9,354
Park and Recreation	2,327	1,963	7,712	(3,422)
Law Enforcement Continuing Education	772	-	-	772
Criminal Justice	11	-	-	11
Build Indiana	52	-	-	52
Cumulative Capital Improvement	15,945	1,171	15,350	1,766
County Economic Development Income Tax	10,418	3,859	800	13,477
Proprietary Funds:				
Wastewater Utility - Operating	7,483	128,876	105,576	30,783
Wastewater Utility - Bond and Interest	66,303	67,200	65,526	67,977
Totals	<u>\$ 153,114</u>	<u>\$ 286,734</u>	<u>\$ 307,916</u>	<u>\$ 131,932</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (4,495)	\$ 67,551	\$ 66,324	\$ (3,268)
Motor Vehicle Highway	15,657	9,534	825	24,366
Local Road and Street	9,354	2,056	-	11,410
Park and Recreation	(3,422)	1,205	112	(2,329)
Law Enforcement Continuing Education	772	-	-	772
Criminal Justice	11	-	-	11
Build Indiana	52	-	-	52
Cumulative Capital Improvement	1,766	1,104	-	2,870
County Economic Development Income Tax	13,477	3,994	662	16,809
Proprietary Funds:				
Wastewater Utility - Operating	30,783	121,263	111,145	40,901
Wastewater Utility - Bond and Interest	67,977	66,000	65,903	68,074
Totals	<u>\$ 131,932</u>	<u>\$ 272,707</u>	<u>\$ 244,971</u>	<u>\$ 159,668</u>

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

TOWN OF AMBOY
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, general administrative services 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. 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 AMBOY
 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
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Revenue Bonds of 2005, Series A	\$ 936,000	\$ 51,525
Sewage Works Revenue Bonds of 2005, Series B	<u>240,000</u>	<u>13,733</u>
Total business-type activities debt	<u>\$ 1,176,000</u>	<u>\$ 65,258</u>

TOWN OF AMBOY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

Annual reports for 2008 and 2009 were not presented for examination. A similar comment was noted in prior Reports B18934, B27866, B27867, and B32937, covering the years 2000 through 2009.

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 . . ."

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
General	2008	\$ 15,572.00
General	2009	12,905.49
Local Road and Street	2008	4,710.00
Cumulative Capital Improvement	2008	10,350.00

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

Capital asset records for the Wastewater Utility were not presented for examination. A similar comment was noted in prior Reports B27867 and B32937.

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)

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

- Form 324 - Consumer's ledger - Municipal Sewage Utility
- General Form 99B - Employee's Earnings Record
- City and Town Form 217 - Clerk-Treasurer's Receipts

TOWN OF AMBOY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The following form was in use but was not completed in the manner prescribed:

Ledger of Receipts, Disbursements and Balances, City or Town Form 208

A similar comment was noted in prior Report B32937.

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)

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in the prior Reports B18934, B27866, B27867, and B32937, were again present during our period of examination:

- (1) Record balances were not reconciled to depository balances during the two year period.

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."

- (2) Year-to-date totals for receipts and disbursements were not maintained.

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)

PENALTIES AND INTEREST

Totals below were paid to the Department of Revenue due to late payments:

\$31.12 was paid July 31, 2008, for the 4th quarter of 2007
\$19.45 was paid January 31, 2009, for the 4th quarter of 2008

Total below was paid to the U.S. Treasury due to late payment:

\$35.48 was paid April 30, 2009, for the 4th quarter of 2008

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 AMBOY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The General Fund and Park Fund were overdrawn in 2008 and 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)

SALARY ORDINANCE

The Town Council did not formally adopt a salary ordinance for the years covered by this examination. A similar comment was noted in prior Reports B18934, B27867, and B32937.

All compensation and benefits paid to officials and employees must be included in the labor contracts, 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. 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)

OFFICIAL BONDS

The following official bonds were not filed in the Office of the County Recorder:

Danyel M. Miller, Clerk-Treasurer - Term: 01-01-08 to 12-31-08
Danyel M. Miller, Clerk-Treasurer - Term: 01-01-09 to 12-31-09
Danyel M. Miller, Clerk-Treasurer - Term: 01-01-10 to 12-31-10

The bonds are payable to the Town of Amboy, IN and not the State of Indiana as required by Indiana Statute.

A similar comment was noted in prior Report B32937.

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. . . ."

IC 5-4-1-10 states:

"All official bonds shall be payable to the State of Indiana; and every such bond shall be obligatory to such state, upon the principal and sureties, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by any breach of the condition thereof."

TOWN OF AMBOY
EXIT CONFERENCE

The contents of this report were discussed on June 2, 2010, with Danyel M. Miller, Clerk-Treasurer. The official concurred with our findings.