

B37198

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

EXAMINATION REPORT
OF
CITY OF UNION CITY
RANDOLPH COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
07/14/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Anita M. Amspaugh	01-01-08 to 12-31-11
Mayor	Bryan Conklin	01-01-08 to 12-31-11
Judge	William Fields	01-01-08 to 12-31-11
President of the Common Council	Chad Spence	01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF UNION CITY, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of the City of Union City (City), for the period of January 1, 2008 to December 31, 2009. The City'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 City 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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

June 2, 2010

CITY OF UNION CITY
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 533,970	\$ 1,718,451	\$ 1,696,745	\$ 555,676
Clerk's Record Perpetuation	2,477	1,998	1,158	3,317
Riverboat	44,726	22,721	20,374	47,073
Sidewalk Replacement	-	8,035	8,035	-
Motor Vehicle Highway	240,554	281,948	419,102	103,400
Local Road and Street	12,883	12,576	-	25,459
Park and Recreation	59,954	127,501	136,296	51,159
Cemetery	30,831	42,539	43,958	29,412
Mowing Fees	7,465	4,085	11,550	-
Criminal Justice Equipment	694	-	518	176
Police Continuing Education	738	2,465	1,377	1,826
Drug Forfeiture	491	-	-	491
Ambulance Nonreverting	62,702	214,268	204,590	72,380
Cemetery Nonreverting	130,657	11,188	3,859	137,986
Park Nonreverting	5,835	13,342	5,744	13,433
Industrial Development	4,049	-	4,049	-
Police Donations	1,800	4,113	5,734	179
Police K9	-	300	-	300
Operation Pullover	220	1,000	1,110	110
Utilities	90,687	281,950	235,165	137,472
Rainy Day	263,291	95,003	6,788	351,506
Harry Loy, Jr., Donation	19,826	894	-	20,720
Little Mississinewa River	9,101	-	-	9,101
Cumulative Capital Improvement	45,521	11,779	9,723	47,577
Cumulative Capital Development	61,275	20,383	19,616	62,042
Economic Development Income Tax	598,343	233,586	234,991	596,938
Housing Rehabilitation Grant	-	150,000	150,000	-
Revolving Loan	140,855	14,836	-	155,691
EDIT Program Income	117,999	113	113,485	4,627
Proprietary Funds:				
Water Operating	36,707	542,874	550,530	29,051
Water Bond and Interest	-	75,432	75,425	7
Water Debt Reserve	77,665	-	-	77,665
Water Depreciation	1,400	-	-	1,400
Water Customer Deposits	57,453	15,250	13,888	58,815
Water Watertower	31,112	17,309	-	48,421
Sewage Operating	88,351	888,772	913,805	63,318
Sewage Bond and Interest	262	257,044	252,732	4,574
Sewage Debt Reserve	-	5,943	5,943	-
Sewage Depreciation	191,875	87,775	22,599	257,051
Sewage BoNY Debt Reserve	250,168	14,195	-	264,363
Sewage BoNY Bond and Interest	50,984	52,305	41,397	61,892
Sewage SRF Drawdown	-	97,312	97,312	-
Fiduciary Funds:				
City Court User Fee	15,433	4,348	2,869	16,912
Firemen's Pension	54,486	18,918	34,544	38,860
Police Pension	45,422	37,712	36,363	46,771
Payroll	23,467	1,695,618	1,705,708	13,377
HUD Payroll Clearing	-	37,382	37,382	-
City Court	15,806	107,219	103,609	19,416
Totals	<u>\$ 3,427,535</u>	<u>\$ 7,230,482</u>	<u>\$ 7,228,073</u>	<u>\$ 3,429,944</u>

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

CITY OF UNION CITY
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, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 555,676	\$ 1,754,712	\$ 1,602,498	\$ 707,890
Clerk's Record Perpetuation	3,317	1,841	1,428	3,730
Riverboat	47,073	24,767	8,315	63,525
Motor Vehicle Highway	103,400	408,045	336,725	174,720
Local Road and Street	25,459	11,870	24,936	12,393
Park and Recreation	51,159	71,512	112,691	9,980
Cemetery	29,412	25,621	18,401	36,632
Criminal Justice Equipment	176	-	-	176
Police Continuing Education	1,826	2,596	395	4,027
Drug Forfeiture	491	-	-	491
Ambulance Nonreverting	72,380	215,009	214,959	72,430
Cemetery Nonreverting	137,986	9,502	9,400	138,088
Park Nonreverting	13,433	7,044	1,918	18,559
Police Donations	179	3,886	3,032	1,033
Police K9	300	4,103	4,353	50
Operation Pullover	110	4,192	4,293	9
Utilities	137,472	193,402	247,319	83,555
Rainy Day	351,506	10,457	5,869	356,094
Harry Loy, Jr., Donation	20,720	-	6,521	14,199
Little Mississinewa River	9,101	-	7,647	1,454
Cumulative Capital Improvement	47,577	11,106	22,982	35,701
Cumulative Capital Development	62,042	16,267	14,928	63,381
Economic Development Income Tax	596,938	366,594	496,375	467,157
Revolving Loan	155,691	548	3,099	153,140
EDIT Program Income	4,627	-	4,000	627
CEDF Grant - PCI	-	384,000	384,000	-
Downtown Revitalization Project	-	50,627	50,627	-
Proprietary Funds:				
Water Operating	29,051	764,997	692,695	101,353
Water Bond and Interest	7	77,558	77,565	-
Water Debt Reserve	77,665	-	-	77,665
Water Depreciation	1,400	36,000	-	37,400
Water Customer Deposits	58,815	17,069	13,697	62,187
Water BoNY Debt Reserve	-	1,956	-	1,956
Water BoNY Bond and Interest	-	8,208	-	8,208
Water SRF Drawdown	-	118,969	118,969	-
Water Watertower	48,421	63,759	-	112,180
Sewage Operating	63,318	866,464	819,912	109,870
Sewage Bond and Interest	4,574	225,767	230,341	-
Sewage Depreciation	257,051	100,550	-	357,601
Sewage BoNY Debt Reserve	264,363	10,396	-	274,759
Sewage BoNY Bond and Interest	61,892	51,640	46,819	66,713
Sewage SRF Drawdown	-	90,973	90,973	-
Fiduciary Funds:				
City Court User Fee	16,912	6,537	5,282	18,167
Firemen's Pension	38,860	37,640	33,144	43,356
Police Pension	46,771	51,173	41,885	56,059
Payroll	13,377	1,563,268	1,558,231	18,414
City Court	19,416	117,979	117,490	19,905
Totals	<u>\$ 3,429,944</u>	<u>\$ 7,788,604</u>	<u>\$ 7,433,714</u>	<u>\$ 3,784,834</u>

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

CITY OF UNION CITY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, health and social services, culture and recreation, general administrative services, and public utilities.

Note 2. Fund Accounting

The City 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 City 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 City 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 City 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.

CITY OF UNION CITY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City 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.

CITY OF UNION CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current and prior years have been reported. There are no plans for retroactive reporting of general infrastructure assets.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 827,550
Infrastructure	261,819
Buildings	1,246,876
Improvements other than buildings	486,699
Machinery and equipment	<u>1,920,353</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 4,743,297</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 132,712
Construction in progress	29,600
Buildings	678,446
Improvements other than buildings	2,142,831
Machinery and equipment	<u>1,249,577</u>
 Total Water Utility capital assets	 <u>4,233,165</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	60,335
Buildings	851,666
Improvements other than buildings	12,367,946
Machinery and equipment	<u>600,148</u>
 Total Wastewater Utility capital assets	 <u>13,880,095</u>
 Total business-type activities capital assets	 <u>\$ 18,113,260</u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2007 Ambulance (lease)	\$ 53,974	\$ 23,012
Business-type activities:		
Water Utility:		
Revenue bonds:		
Improvements	325,000	74,385
Water Filters	<u>279,000</u>	<u>20,268</u>
Total Water Utility	<u>604,000</u>	<u>94,653</u>
Wastewater Utility:		
Revenue bonds:		
Improvements	1,530,000	228,198
Collection System Repair	<u>1,716,000</u>	<u>50,863</u>
Total Wastewater Utility	<u>3,246,000</u>	<u>279,061</u>
Total business-type activities debt:	<u>\$ 3,850,000</u>	<u>\$ 373,713</u>

CITY OF UNION CITY
EXAMINATION RESULT AND COMMENT

CITY COURT

As reported in prior Reports B25983, B31029, and B32632, there were no trust registers for cash bonds or restitution. We also noted a cash bond held for over five years that had not been remitted to the Attorney General as unclaimed property.

Each city and town court is required to use official records and forms that are designated by the legislature or prescribed or approved by the State Board of Accounts or the State Court Administration office of the Supreme Court. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

IC 32-34-1-20(c)(6) states: "For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under Indiana Code 32-34-3."

CITY OF UNION CITY
EXIT CONFERENCE

The contents of this report were discussed on June 2, 2010, with Anita M. Amspaugh, Clerk-Treasurer; Bryan Conklin, Mayor; and Monte Poling, City Manager.