

B37267

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

EXAMINATION REPORT  
OF  
TOWN OF MARKLEVILLE  
MADISON COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
07/26/2010



## 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
Notes to Financial Information .....	5
Supplementary Information:	
Schedule of Long-Term Debt .....	6
Examination Results and Comments:	
Capital Asset Records .....	7
Bank Account Reconciliations .....	7
Condition of Records .....	7-8
Delinquent Wastewater Accounts.....	8
Delinquent Employee Wastewater Account .....	9
Annual Report.....	9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Mark Evans

01-01-07 to 12-31-10

President of the Town Council

Sally Gustin

01-01-07 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 MARKLEVILLE, MADISON COUNTY, INDIANA

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

June 22, 2010

TOWN OF MARKLEVILLE  
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
<b>Governmental Funds:</b>				
General	\$ 103,005	\$ 74,563	\$ 102,027	\$ 75,541
Motor Vehicle Highway	26,634	14,036	10,087	30,583
Local Road and Street	8,210	3,530	-	11,740
Cumulative Capital Improvement	10,913	160	-	11,073
Law Enforcement Continuing Education	480	237	-	717
Community Building	2,511	-	735	1,776
Cable Franchise	3,466	95	-	3,561
Police Equipment	21,682	139	-	21,821
Levy Excess	3,647	-	-	3,647
Park Donations	4,645	-	-	4,645
Food and Beverage Memorial Square	8,049	52	-	8,101
Food and Beverage Town Hall	759	2	-	761
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	41,192	140,480	135,632	46,040
Wastewater Utility - Bond and Interest	2,811	29,854	9,845	22,820
Wastewater Utility - Depreciation	250	-	-	250
<b>Totals</b>	<b><u>\$ 238,254</u></b>	<b><u>\$ 263,148</u></b>	<b><u>\$ 258,326</u></b>	<b><u>\$ 243,076</u></b>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
<b>Governmental Funds:</b>				
General	\$ 75,541	\$ 133,525	\$ 167,136	\$ 41,930
Motor Vehicle Highway	30,583	10,675	37,493	3,765
Local Road and Street	11,740	3,713	11,005	4,448
Cumulative Capital Improvement	11,073	1,246	6,370	5,949
Law Enforcement Continuing Education	717	123	-	840
Riverboat	-	2,522	-	2,522
Rainy Day	-	5,000	-	5,000
Building	1,776	-	1,299	477
Cable Franchise	3,561	35	3,596	-
Cable Board Cable Franchise	-	3,064	-	3,064
Police Equipment	21,821	80	-	21,901
Levy Excess	3,647	-	-	3,647
Park Donations	4,645	-	-	4,645
Food and Beverage Memorial Square	8,101	29	1,200	6,930
Food and Beverage Town Hall	761	1	-	762
<b>Proprietary Funds:</b>				
Water Utility - Operating	46,040	142,640	137,323	51,357
Water Utility - Bond and Interest	22,820	25,261	29,834	18,247
Water Utility - Depreciation	250	1,334	-	1,584
<b>Totals</b>	<b><u>\$ 243,076</u></b>	<b><u>\$ 329,248</u></b>	<b><u>\$ 395,256</u></b>	<b><u>\$ 177,068</u></b>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
<b>Governmental Funds:</b>				
General	\$ 41,930	\$ 79,130	\$ 97,570	\$ 23,490
Motor Vehicle Highway	3,765	17,234	16,738	4,261
Local Road and Street	4,448	3,493	-	7,941
Cumulative Capital Improvement	5,949	1,174	-	7,123
Law Enforcement Continuing Education	840	31	-	871
Riverboat	2,522	2,397	20	4,898
Rainy Day	5,000	558	20	5,538
Building	477	-	-	477
Cable Board Cable Franchise	3,064	4,393	20	7,437
Police Equipment	21,901	20	-	21,921
Levy Excess	3,647	2,846	-	6,493
Park Donations	4,645	-	-	4,645
Food and Beverage Memorial Square	6,930	6	625	6,311
Food and Beverage Town Hall	762	-	51	710
<b>Proprietary Funds:</b>				
Water Utility - Operating	51,357	162,087	134,863	78,580
Water Utility - Bond and Interest	18,247	24,813	25,044	18,016
Water Utility - Depreciation	1,584	-	-	1,584
<b>Totals</b>	<b><u>\$ 177,068</u></b>	<b><u>\$ 298,182</u></b>	<b><u>\$ 274,954</u></b>	<b><u>\$ 200,296</u></b>

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

TOWN OF MARKLEVILLE  
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, 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.

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 MARKLEVILLE  
 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:		
Municipal Sewage Works Series A	\$ 223,000	\$ 21,262
Municipal Sewage Works Series B	<u>32,000</u>	<u>3,323</u>
Total Wastewater Utility	<u>255,000</u>	<u>24,585</u>
Total business-type activities debt:	<u>\$ 255,000</u>	<u>\$ 24,585</u>

TOWN OF MARKLEVILLE  
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town of Markleville does not maintain adequate records that include asset inventories, additions, deletions, or accumulated depreciation. A similar comment has been made in several previous examination reports, most recently Report B30703.

Every governmental unit should have a complete inventory of all capital assets owned which reflect 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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination or were incorrect. A comparison of the records to the bank account indicated a cash necessary to balance at December 31<sup>st</sup> for all three years of the examination period. At December 31, 2009, that comparison showed a cash necessary to balance of \$2,506.

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 responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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."

CONDITION OF RECORDS

As similarly stated in the prior two reports, there were a number of deficiencies noted related to recordkeeping. The following deficiencies were present during our period of examination:

1. The annual report did not agree to the unit's records in several instances.
2. There were a considerable number of posting errors. These errors included:
  - Deposits receipted into the records, but not placed on the CTAR report.
  - Deposits not receipted into the records, but placed on the CTAR.
  - Disbursement amounts not posted to the ledger, but placed on the CTAR reports.
  - Fund amounts not placed on the CTAR.
  - Fund report balances not agreeing to the CTAR reports.
  - Amounts receipted into the wrong funds.

TOWN OF MARKLEVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

3. Record balances were not reconciled to depository balances during the three 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."

4. There were a considerable number of posting errors. These errors included deposits receipted into the records, but not placed on the CTAR report, Deposits receipted into the records, but not placed on the CTAR. Disbursement amounts were not posted to the ledger, but placed on the CTAR reports.

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)

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. The Town is using a collection agency rather than turning the delinquent accounts over to the County Auditor. A similar comment was made in Reports B26065 and B30703.

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; and
  - (C) the amount of the delinquent fees, together with the penalty; or
- (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 MARKLEVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

DELINQUENT EMPLOYEE WASTEWATER ACCOUNT

An employee of the Town of Markleville is delinquent in payment of their wastewater account. The account balance including the amount that was sent to a collection agency in December 2005 is in excess of \$400. A similar comment appeared in prior Report B30703.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT

An annual report for 2009 was not presented electronically as required for examination. A hard copy of the annual report was provided during the examination.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

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 . . ."

TOWN OF MARKLEVILLE  
EXIT CONFERENCE

The contents of this report were discussed on June 22, 2010, with Mark Evans, Clerk-Treasurer; and Sally Gustin, President of the Town Council. The officials concurred with our findings.