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

EXAMINATION REPORT
OF
TOWN OF ATLANTA
HAMILTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
07/26/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robyn Emmert	01-01-08 to 12-31-11
President of the Town Council	Steven A. Emmert	01-01-08 to 12-31-10
Superintendent of Utilities	David Baker (Vacant) Clinton G. Jones	01-01-08 to 02-09-08 02-10-08 to 03-07-08 03-08-08 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 TOWN OF ATLANTA, HAMILTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Atlanta (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. The schedule has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the schedule.

STATE BOARD OF ACCOUNTS

June 21, 2010

TOWN OF ATLANTA
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	\$ 85,274	\$ 188,845	\$ 183,015	\$ 91,104
Motor Vehicle Highway	37,404	22,836	34,698	25,542
Local Road and Street	20,247	11,033	26,594	4,686
Dolles Park	85,735	8,251	13,160	80,826
Festival Fund	26,437	55,871	40,597	41,711
Fire Truck Matching Fund	54,714	7,094	60,000	1,808
Law Enforcement Continuing Education	1,889	971	640	2,220
Police Festival	9,519	5,823	2,780	12,562
Destination Grant	-	35,000	35,000	-
Levy Excess	261	-	261	-
Cumulative Capital Improvement	5,583	2,475	-	8,058
Proprietary Funds:				
Water Utility - Operating	126,796	160,427	204,724	82,499
Water Utility - Bond and Interest	2,809	44,400	44,384	2,825
Water Utility - Depreciation	13,962	1,200	-	15,162
Water Utility - Customer Deposit	14,939	2,700	1,653	15,986
Water Utility - Reserve	27,030	7,020	-	34,050
Water Utility - Well Head Protection	23,610	-	-	23,610
Wastewater Utility - Operating	30,025	97,423	86,085	41,363
Wastewater Utility - Bond and Interest	36,298	1,325	-	37,623
Wastewater Utility - Depreciation	8,910	1,200	-	10,110
Wastewater Utility - Reserve	8,245	1,416	-	9,661
Wastewater Utility - Sewer CD	7,351	-	7,351	-
Fiduciary Fund:				
Payroll	7,997	154,808	152,821	9,984
Totals	<u>\$ 635,035</u>	<u>\$ 810,118</u>	<u>\$ 893,763</u>	<u>\$ 551,390</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 91,104	\$ 178,615	\$ 199,432	\$ 70,287
Motor Vehicle Highway	25,542	21,584	17,879	29,247
Local Road and Street	4,686	10,912	1,614	13,984
Dolles Park	80,826	2,167	6,055	76,938
Festival Fund	41,711	62,250	66,288	37,673
Fire Truck Matching Fund	1,808	7,200	103	8,905
Law Enforcement Continuing Education	2,220	1,131	493	2,858
Police Festival	12,562	7,645	16,510	3,697
AVFD Special Projects	-	4,284	453	3,831
Façade Grant	-	29,810	29,795	15
Rainy Day	-	7,125	-	7,125
Levy Excess	-	1,468	-	1,468
Cumulative Capital Improvement	8,058	2,334	-	10,392
Proprietary Funds:				
Trash Utility - Operating	-	59,212	52,605	6,607
Water Utility - Operating	82,499	139,021	186,414	35,106
Water Utility - Bond and Interest	2,825	40,700	19,879	23,646
Water Utility - Depreciation	15,162	1,100	-	16,262
Water Utility - Customer Deposit	15,986	2,145	2,237	15,894
Water Utility - Reserve	34,050	6,435	25,294	15,191
Water Utility - Well Head Protection	23,610	-	-	23,610
Wastewater Utility - Operating	41,363	128,135	130,482	39,016
Wastewater Utility - Bond and Interest	37,623	-	7,869	29,754
Wastewater Utility - Depreciation	10,110	1,100	-	11,210
Wastewater Utility - Reserve	9,661	1,298	-	10,959
Fiduciary Fund:				
Payroll	9,984	152,745	153,296	9,433
Totals	<u>\$ 551,390</u>	<u>\$ 868,416</u>	<u>\$ 916,698</u>	<u>\$ 503,108</u>

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

TOWN OF ATLANTA
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, highways and streets, culture and recreation, general administrative services, water and wastewater utilities.

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 ATLANTA
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 ATLANTA
 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:		
Water Utility:		
Revenue bond:		
Water Tower and Plant	\$ 10,000	\$ 10,797
Loan payable:		
SRF - Water Tower and Plant	<u>509,610</u>	<u>34,053</u>
Total Water Utility	<u>519,610</u>	<u>44,850</u>
Total business-type activities debt	<u>\$ 519,610</u>	<u>\$ 44,850</u>

TOWN OF ATLANTA
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town, Water Utility, and Wastewater Utility do not maintain adequate capital asset records with detail of additions and disposals. A similar comment appeared in the prior two reports.

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)

CONTRACTS

In 2008, a payment totaling \$35,000 was made to the Atlanta Women's League from the Destination Grant Fund. This payment was made without a contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DONATIONS

In 2009, the Atlanta Town Council donated \$4,050 from the Festival Fund to the Atlanta Women's League.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ADVANCE PAYMENTS

Dates of transactions indicate that some payments were made to companies or individuals prior to the receipt of goods or services.

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)

SUPPORTING DOCUMENTATION

Some payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

TOWN OF ATLANTA
EXAMINATION RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records 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)

CONFLICT OF INTEREST

In 2009, Steven A. Emmert, President of the Town Council, contracted with the Atlanta Water Utility to do repair work on a utility storage building. He was also paid from the 2009 Facade Grant Fund for work done on the Atlanta Mercantile Building. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

IC 35-44-1-3 states in part:

"(a) A public servant who knowingly or intentionally: (1) has a pecuniary interest in; or (2) derives a profit from; a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony. . . .

(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant. . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6). . . .

(d) A disclosure required by this section must: (1) be in writing; (2) describe the contract or purchase to be made by the governmental entity; (3) describe the pecuniary interest that the public servant has in the contract or purchase; (4) be affirmed under penalty of perjury; (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity prior to final action on the contract or purchase; (6) be filed within fifteen (15) days after final action on the contract or purchase with: (A) the state board of accounts; and (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase. . . .

(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant. . . .

(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-9-2-2) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half (1/2) of whose support is provided during a year by the public servant."

TOWN OF ATLANTA
EXIT CONFERENCE

The contents of this report were discussed on June 22, 2010, with Robyn Emmert, Clerk-Treasurer, and Steven A. Emmert, President of the Town Council. The official response has been made a part of this report and may be found on page 11.



June 24, 2010

Indiana State Board of Accounts
302 W. Washington St.
Room E418
Indianapolis, IN 46204-2765

To Whom It May Concern:

The Town of Atlanta was recently audited by your office. We would like to offer a few comments regarding audit findings.

1. Regarding the donation made to the Atlanta Women's League: in the past the Town has donated to other local organizations from the Festival Fund. All proceeds of the Atlanta Women's League go back to the Town.
2. Regarding advance payments: we understand and appreciate your stand on this matter and realize that we can do nothing to change it. However, the reality is, contractual work done for the Town of Atlanta is small and of little relevance to larger companies. Therefore, the smaller companies that take interest and are awarded work, require deposits. The town accepts this finding and will no longer advance deposits.
3. A conflict of interest form was filed for Steven A. Emmert when he took office in 2008. Mistakenly we assumed that this was good for the length of term in office. The error has been corrected.

Regarding item numbers 2 and 3, SBA has not made audit comments regarding these practices in the past therefore we errantly thought we were in compliance.

It is our desire to be in compliance with the Indiana State Board of Accounts. We appreciate your assistance and will make necessary changes and corrections.

Sincerely,

Andy Emmert
Town Council President

Robyn Emmert
Clerk-Treasurer