

B37328

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

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



FILED
08/11/2010

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	4-6
Notes to Financial Information	7
Supplementary Information:	
Schedule of Long-Term Debt	8
Examination Results and Comments:	
Prescribed Forms	9
Errors on Claims	9
Official Bond	10
Capital Asset Records	10
Appropriations.....	10
Community Center Fees.....	11
Building Permit Fees	11
Exit Conference.....	12

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Devon Dow Veronica Yeagy	01-01-04 to 06-01-07 06-02-07 to 12-31-11
President of the Town Council	Bart Matney Wayne Small Curtis Blalock JC Hendrick	01-01-07 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09 01-01-10 to 12-31-10



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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SUMMITVILLE, MADISON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Summitville (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 them.

STATE BOARD OF ACCOUNTS

July 8, 2010

TOWN OF SUMMITVILLE
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, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 124,195	\$ 221,015	\$ 301,839	\$ 43,371
Motor Vehicle Highway	30,749	43,609	39,042	35,316
Local Road and Street	29,677	37,269	28,072	38,874
Park and Recreation	10,387	1,315	5,499	6,203
Law Enforcement Continuing Education	1,392	2,155	464	3,083
Economic Development	2,050	-	-	2,050
Summitville Community Center	861	2,324	2,580	605
Police Equipment	4,698	-	4,698	-
Riverboat	8,906	6,874	1,050	14,730
Rainy Day	9,143	5,923	5,704	9,362
Levy Excess	-	4,134	-	4,134
Abandoned Vehicle	244	-	-	244
FEMA	18,687	-	18,687	-
Unappropriated	241	33,526	33,461	306
Town Hall Construction	15,892	-	8,029	7,863
Town Hall Building Fund	74,287	3,177	-	77,464
Cumulative Capital Improvement	12,825	3,828	6,163	10,490
IDEM Permit Fund	-	535	-	535
Proprietary Funds:				
Wastewater Utility - Operating	18,668	204,149	209,822	12,995
Wastewater Utility - Bond and Interest	122,791	84,706	75,510	131,987
Fiduciary Fund:				
Payroll	9,610	193,786	196,198	7,198
Totals	<u>\$ 495,303</u>	<u>\$ 848,325</u>	<u>\$ 936,818</u>	<u>\$ 406,810</u>

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

TOWN OF SUMMITVILLE
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, 2007, 2008 And 2009
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 43,371	\$ 402,587	\$ 389,523	\$ 56,435
Motor Vehicle Highway	35,316	34,398	35,511	34,203
Local Road and Street	38,874	11,271	26,621	23,524
Park and Recreation	6,203	13,859	6,429	13,633
Law Enforcement Continuing Education	3,083	3,890	2,222	4,751
Economic Development	2,050	-	1,825	225
Summitville Community Center	605	3,135	3,362	378
Police Equipment	-	1,185	-	1,185
Riverboat	14,730	30,414	11,500	33,644
Rainy Day	9,362	354	2,741	6,975
Levy Excess	4,134	-	-	4,134
Abandoned Vehicle	244	-	244	-
Unappropriated	306	64,449	64,449	306
Town Hall Construction	7,863	45	938	6,970
Town Hall Building Fund	77,464	3,300	7,400	73,364
Cumulative Capital Improvement	10,490	3,545	659	13,376
IDEM Permit Fund	535	6,420	-	6,955
War Memorial	-	963	-	963
Main Street Fund	-	60,095	-	60,095
Proprietary Funds:				
Wastewater Utility - Operating	12,995	322,794	259,455	76,334
Wastewater Utility - Bond and Interest	131,987	94,422	171,284	55,125
Trash	-	27,726	19,285	8,441
Fiduciary Fund:				
Payroll	7,198	152,645	159,793	50
Totals	<u>\$ 406,810</u>	<u>\$ 1,237,497</u>	<u>\$ 1,163,241</u>	<u>\$ 481,066</u>

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

TOWN OF SUMMITVILLE
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, 2007, 2008 And 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 56,435	\$ 294,600	\$ 318,198	\$ 32,837
Motor Vehicle Highway	34,203	31,057	38,067	27,193
Local Road and Street	23,524	32,236	28,825	26,935
Park and Recreation	13,633	12,530	21,077	5,086
Law Enforcement Continuing Education	4,751	439	1,712	3,478
Economic Development	225	-	-	225
Summitville Community Center	378	5,155	1,527	4,006
Police Equipment	1,185	-	690	495
Riverboat	33,644	53,501	52,600	34,545
Rainy Day	6,975	-	6,016	959
Levy Excess	4,134	-	4,134	-
Insurance	306	8,423	8,423	306
Town Hall Construction	6,970	-	4,478	2,492
Town Hall Building Fund	73,364	2,495	-	75,859
Cumulative Capital Improvement	13,376	3,446	13,300	3,522
IDEM Permit Fund	6,955	6,420	6,400	6,975
War Memorial	963	267	-	1,230
Main Street Fund	60,095	-	41,044	19,051
Proprietary Funds:				
Wastewater Utility - Operating	76,334	226,651	234,190	68,795
Wastewater Utility - Bond and Interest	55,125	75,458	97,705	32,878
Trash	8,441	46,719	40,040	15,120
Fiduciary Fund:				
Payroll	50	169,402	163,722	5,730
Totals	<u>\$ 481,066</u>	<u>\$ 968,799</u>	<u>\$ 1,082,148</u>	<u>\$ 367,717</u>

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

TOWN OF SUMMITVILLE
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 SUMMITVILLE
 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:		
Street Sweeper	\$ 10,500	\$ 5,875
Police Chevrolet Truck	<u>20,776</u>	<u>5,847</u>
Total governmental activities debt	<u>\$ 31,276</u>	<u>\$ 11,722</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
1997 Sewage Works Revenue Bond	\$ 360,000	\$ 55,865
1999 Sewage Works Revenue Bond	<u>150,000</u>	<u>25,620</u>
Total Wastewater Utility	<u>510,000</u>	<u>81,485</u>
Total business-type activities debt	<u>\$ 510,000</u>	<u>\$ 81,485</u>

TOWN OF SUMMITVILLE
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The investment register used by the Clerk-Treasurer has not been approved by the State Board of Accounts.

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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

- (1) Not all claims were prepared properly.
- (2) One claim were not adequately itemized.
- (3) Claims or invoices did not have evidence to support receipt of goods or services.

A similar comment appeared in prior Report B30657.

IC 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF SUMMITVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND

We noted several concerns with the Town's bonds. The Clerk-Treasurer and Street and Wastewater Superintendent have a continuation bond. The last bond purchased for the Town Marshall was 1998-99. None of these bonds were recorded in the Office of the County Recorder. The Deputy Clerk-Treasurer did not have a bond.

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. . . ."

CAPITAL ASSET RECORDS

The City/Town has started recording capital asset, but it is not complete. The Utility does not maintain sufficient detailed records of capital assets for its Wastewater Utility. Records classifying and summarizing the Utility's capital assets are incomplete.

A similar comment appeared in several prior reports, most recently B30657.

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)

APPROPRIATIONS

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

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
LRS	2008	\$ 21,249
General	2009	3,656
LRS	2009	8,000
Rainy Day	2009	6,016

A similar comment appeared in prior Report B30657.

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."

TOWN OF SUMMITVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

COMMUNITY CENTER FEES

The rental fee for the community center was established at \$50 and deposit was \$40 in 2007, but the community center was charging some \$50 deposit and others \$40. There is no documentation of the increase being approved by the Board.

A similar comment appeared in prior Report B30657.

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)

BUILDING PERMIT FEES

The Town of Summitville has an ordinance concerning building permit fees. Some of the charges were not being charged uniformly and were not consistent with the ordinance.

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)

TOWN OF SUMMITVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2010, with Veronica Yeagy, Clerk-Treasurer; and JC Hendrick, President of the Town Council. The officials concurred with our findings.

The contents of this report were discussed on July 8, 2010, with Devon Dow, former Clerk-Treasurer. The official concurred with our findings.