

B37347

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

EXAMINATION REPORT  
OF  
TOWN OF MOUNT AYR  
NEWTON COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
08/12/2010



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 Capital Assets.....  | 6           |
| Examination Results and Comments:  |             |
| Annual Report.....   | 7           |
| Donations.....   | 7           |
| Federal and State Agencies – Compliance Requirements .....                   | 7           |
| Ordinances and Resolutions .....   | 7-8         |
| Exit Conference.....   | 9           |

OFFICIALS

| <u>Office</u>                 | <u>Official</u> | <u>Term</u>          |
|-------------------------------|-----------------|----------------------|
| Clerk-Treasurer               | Dudley Vaughn   | 01-01-08 to 12-31-11 |
| President of the Town Council | Larry Berenda   | 01-01-08 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 MOUNT AYR, NEWTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Mount Ayr (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 Capital Assets, 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

July 1, 2010

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

|                                | Cash and<br>Investments<br>01-01-08 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-08 |
|--------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:            |                                     |                   |                   |                                     |
| General                        | \$ 6,301                            | \$ 16,736         | \$ 18,841         | \$ 4,196                            |
| Motor Vehicle Highway          | 7,370                               | 3,975             | 6,766             | 4,579                               |
| Local Road and Street          | 3,482                               | 832               | 590               | 3,724                               |
| City and Town Court costs      | 2,818                               | -                 | -                 | 2,818                               |
| Rainy Day                      | -                                   | 279               | -                 | 279                                 |
| Cumulative Capital Improvement | 10,490                              | 478               | -                 | 10,968                              |
| Building (Landfill)            | 297,253                             | 199,289           | 102,418           | 394,124                             |
| Postal                         | 28,200                              | 4,800             | -                 | 33,000                              |
| Totals                         | <u>\$ 355,914</u>                   | <u>\$ 226,389</u> | <u>\$ 128,615</u> | <u>\$ 453,688</u>                   |

|                                | Cash and<br>Investments<br>01-01-09 | Receipts          | Disbursements     | Cash and<br>Investments<br>12-31-09 |
|--------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Governmental Funds:            |                                     |                   |                   |                                     |
| General                        | \$ 4,196                            | \$ 17,761         | \$ 18,122         | \$ 3,835                            |
| Motor Vehicle Highway          | 4,579                               | 3,895             | 5,972             | 2,502                               |
| Local Road and Street          | 3,724                               | 776               | 2,431             | 2,069                               |
| City and Town Court costs      | 2,818                               | 1,391             | -                 | 4,209                               |
| Rainy Day                      | 279                                 | 156               | -                 | 435                                 |
| Cumulative Capital Improvement | 10,968                              | 451               | -                 | 11,419                              |
| Building (Landfill)            | 394,124                             | 195,961           | 102,833           | 487,252                             |
| Postal                         | 33,000                              | 4,400             | 60                | 37,340                              |
| Totals                         | <u>\$ 453,688</u>                   | <u>\$ 224,791</u> | <u>\$ 129,418</u> | <u>\$ 549,061</u>                   |

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

TOWN OF MOUNT AYR  
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. 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 MOUNT AYR  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended 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.

| <u>Primary Government</u>  | <u>Ending<br/>Balance</u> |
|--|---------------------------|
| Governmental activities:   |                           |
| Capital assets, not being depreciated:                                     |                           |
| Land   | \$ 47,000                 |
| Buildings  | 346,000                   |
| Improvements other than buildings  | 17,000                    |
| Machinery and equipment  | <u>17,550</u>             |
| <br>Total governmental activities, capital<br>assets not being depreciated | <br><u>\$ 427,550</u>     |

TOWN OF MOUNT AYR  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2009 was not presented for audit.

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 . . ."

DONATIONS

The Town of Mount Ayr donated \$1,900 to the Mount Ayr Projects Committee and \$3,500 to the Reserve Deputy Program, in 2008, and \$6,500 to the Mount Ayr Projects Committee, \$2,000 to the American Legion and \$2,000 to the Newton County Canine Program, in 2009. These donations were made without a contract or an invoice for services rendered.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town of Mount Ayr did not comply with directives of Internal Revenue Service by withholding payroll taxes on employees. A 1099 was issued for all employees; however, no payroll taxes were withheld. A similar comment was issued in prior Reports B23744, B28300, and B32911.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The salary ordinance for 2009 included a salary in the amount of \$3,600 for the Clerk-Treasurer. The Clerk-Treasurer agreed to accept one half of that amount (\$1,800) if he would be enabled to hire a Deputy Clerk-Treasurer, at a salary of \$1,800. A deputy was hired and was paid a salary of \$1,800. The Clerk-Treasurer was paid a total salary of \$1,800 for the year.

TOWN OF MOUNT AYR  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 36-5-3-6 states in part:

"(b) A town officer may waive the officer's compensation for any year by filing a notice that satisfies the following:

- (1) The notice is in writing.
- (2) The notice states in substance all of the following:
  - (A) The position held by the town officer.
  - (B) The calendar year covered by the notice.
  - (C) That the town officer waives compensation under this section.
  - (D) That the town officer understands that the notice is irrevocable beginning January 1 of the year covered by the notice.
- (3) The notice is signed by the town officer who wants to waive compensation.

(c) A town officer who wants to waive compensation under this section must file the notice with the town clerk-treasurer before January 1 of the year covered by the notice.

(d) A notice filed under this section is irrevocable beginning January 1 of the year covered by the notice.

(e) A town officer who files a notice under this section:

- (1) is not entitled to compensation for duties performed in the year covered by the notice; and
- (2) may not be paid compensation for duties performed in the year covered by the notice."

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MOUNT AYR  
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2010, with Dudley Vaughn, Clerk-Treasurer, and Larry Berenda, President of the Town Council. The officials concurred with our findings.