

B37366

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

EXAMINATION REPORT
OF
TOWN OF FOUNTAIN CITY
WAYNE COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
08/16/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carolyn Sue Brooks	01-01-04 to 12-31-11
President of the Town Council	Richard L. Hawkins	01-01-07 to 04-02-07
	Charles M. Knoll	04-03-07 to 12-31-07
	Richard L. Hawkins	01-01-08 to 12-31-08
	Larry K. Stegall	01-01-09 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 FOUNTAIN CITY, WAYNE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Fountain City (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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts 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

July 1, 2010

TOWN OF FOUNTAIN 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, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 103,816	\$ 94,664	\$ 154,503	\$ 43,977
Motor Vehicle Highway	29,508	26,996	29,635	26,869
Local Road and Street	2,191	7,280	6,916	2,555
Law Enforcement Continuing Education	419	420	-	839
Trash Collection	-	25,764	25,614	150
Rainy Day	8,092	-	-	8,092
Cumulative Capital Improvement	4,289	2,581	1,200	5,670
Cumulative Fire Equipment	49,912	1,157	-	51,069
Economic Development Income Tax	3,740	27,191	17,346	13,585
Proprietary Funds:				
Water Utility - Operating	95,143	80,114	73,614	101,643
Water Utility - Depreciation	10,958	-	-	10,958
Water Utility - Customer Deposit	4,045	1,470	1,250	4,265
Wastewater Utility - Operating	136,389	169,449	204,764	101,074
Wastewater Utility - Bond and Interest	3,467	65,013	62,576	5,904
Wastewater Utility - Replacement	19,918	-	-	19,918
Wastewater Utility - Customer Deposit	5,291	2,750	2,205	5,836
Wastewater Utility - Improvement	24,717	-	-	24,717
Wastewater Utility - Debt Service Reserve	68,832	-	-	68,832
Fiduciary Funds:				
Levy Excess	2,169	-	-	2,169
Payroll	-	158,745	158,745	-
Totals	<u>\$ 572,896</u>	<u>\$ 663,594</u>	<u>\$ 738,368</u>	<u>\$ 498,122</u>

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

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

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 43,977	\$ 189,359	\$ 182,538	\$ 50,798
Motor Vehicle Highway	26,869	20,355	23,251	23,973
Local Road and Street	2,555	6,656	-	9,211
Law Enforcement Continuing Education	839	420	150	1,109
Trash Collection	150	26,590	24,403	2,337
Rainy Day	8,092	-	-	8,092
Cumulative Capital Improvement	5,670	2,391	-	8,061
Cumulative Fire Equipment	51,069	2,321	-	53,390
Economic Development Income Tax	13,585	29,461	26,621	16,425
Proprietary Funds:				
Water Utility - Operating	101,643	83,008	76,154	108,497
Water Utility - Depreciation	10,958	-	-	10,958
Water Utility - Customer Deposit	4,265	1,540	1,215	4,590
Wastewater Utility - Operating	101,074	193,682	258,663	36,093
Wastewater Utility - Bond and Interest	5,904	66,606	64,545	7,965
Wastewater Utility - Replacement	19,918	-	-	19,918
Wastewater Utility - Customer Deposit	5,836	2,860	2,098	6,598
Wastewater Utility - Improvement	24,717	-	24,000	717
Wastewater Utility - Debt Service Reserve	68,832	-	-	68,832
Wastewater Utility - Grant	-	360,133	360,133	-
Fiduciary Funds:				
Levy Excess	2,169	-	2,169	-
Payroll	-	164,463	164,463	-
Totals	<u>\$ 498,122</u>	<u>\$ 1,149,845</u>	<u>\$ 1,210,403</u>	<u>\$ 437,564</u>

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

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

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 50,798	\$ 221,063	\$ 186,752	\$ 85,109
Motor Vehicle Highway	23,973	19,942	25,900	18,015
Local Road and Street	9,211	6,143	10,383	4,971
Law Enforcement Continuing Education	1,109	139	352	896
Trash Collection	2,337	39,297	36,076	5,558
Rainy Day	8,092	128	-	8,220
Cumulative Capital Improvement	8,061	2,253	1,000	9,314
Cumulative Fire Equipment	53,390	2,856	-	56,246
Economic Development Income Tax	16,425	29,817	46,242	-
Proprietary Funds:				
Water Utility - Operating	108,497	92,709	118,018	83,188
Water Utility - Depreciation	10,958	-	-	10,958
Water Utility - Customer Deposit	4,590	1,540	1,080	5,050
Wastewater Utility - Operating	36,093	273,779	231,114	78,758
Wastewater Utility - Bond and Interest	7,965	57,304	62,228	3,041
Wastewater Utility - Replacement	19,918	-	-	19,918
Wastewater Utility - Customer Deposit	6,598	2,860	1,867	7,591
Wastewater Utility - Improvement	717	-	-	717
Wastewater Utility - Debt Service Reserve	68,832	-	-	68,832
Wastewater Utility - Grant	-	125,658	125,658	-
Fiduciary Fund:				
Payroll	-	169,419	169,419	-
Totals	<u>\$ 437,564</u>	<u>\$ 1,044,907</u>	<u>\$ 1,016,089</u>	<u>\$ 466,382</u>

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

TOWN OF FOUNTAIN CITY
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, water, wastewater, 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 FOUNTAIN 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.

There were no general infrastructure assets completed in the current years. Retroactive reporting of general infrastructure assets is not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 19,250
Buildings	11,175
Improvements other than buildings	81,528
Machinery and equipment	<u>147,128</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 259,081</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 40,116
Buildings	31,792
Improvements other than buildings	571,228
Machinery and equipment	<u>138,923</u>
Total Water Utility capital assets	<u>782,059</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	1,701
Machinery and equipment	<u>92,046</u>
Total Wastewater Utility capital assets	<u>93,747</u>
Total business-type activities capital assets	<u>\$ 875,806</u>

TOWN OF FOUNTAIN CITY
 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:		
Refunding bonds of 1997	\$ 275,000	\$ 7,433

TOWN OF FOUNTAIN CITY
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2010, with Carolyn Sue Brooks, Clerk-Treasurer; and Larry K. Stegall, President of the Town Council. Our examination disclosed no material items that warrant comment at this time.