

B37841

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

EXAMINATION REPORT  
OF  
TOWN OF BURKET  
KOSCIUSKO COUNTY, INDIANA  
January 1, 2008 to December 31, 2009



**FILED**  
11/16/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sondra Warner Mary Marshall	01-01-08 to 12-31-09 01-01-10 to 12-31-11
President of the Town Council	Mary Marshall Jim Marshall	01-01-08 to 12-31-09 01-01-10 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 BURKET, KOSCIUSKO COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

September 3, 2010

TOWN OF BURKET  
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 Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 72,386	\$ 21,915	\$ 17,509	\$ 76,792
Rainy Day	-	672	-	672
Motor Vehicle Highway	13,522	5,464	4,213	14,773
Local Road and Street	7,452	2,071	1,627	7,896
Cumulative Capital Improvement	2,349	634	-	2,983
Cumulative Capital Development	3,058	1,600	-	4,658
County Economic Development Income Tax	25,352	14,872	2,963	37,261
Levy Excess	1,444	-	1,444	-
Totals	<u>\$ 125,563</u>	<u>\$ 47,228</u>	<u>\$ 27,756</u>	<u>\$ 145,035</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 76,792	\$ 16,614	\$ 22,578	\$ 70,828
Rainy Day	672	-	-	672
Motor Vehicle Highway	14,773	5,357	7,649	12,481
Local Road and Street	7,896	1,944	3,080	6,760
Cumulative Capital Improvement	2,983	597	-	3,580
Cumulative Capital Development	4,658	1,162	-	5,820
County Economic Development Income Tax	37,261	16,557	5,414	48,404
Totals	<u>\$ 145,035</u>	<u>\$ 42,231</u>	<u>\$ 38,721</u>	<u>\$ 148,545</u>

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

TOWN OF BURKET  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides public safety 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 BURKET  
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the 2009 expenditures of the General Fund were in excess of budgeted appropriations by \$3,511.

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."

PAYROLL DEDUCTIONS

In 2008, the unit paid \$2,956 for a tax liability of \$2,537 resulting in an overpayment of \$419. In 2009, the unit paid \$3,004 for a tax liability of \$2,247, resulting in an overpayment of \$547. Additionally, the unit paid some tax penalties for incorrect reporting/withholding, including payments in the amount of \$59 and \$253.

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)

CAPITAL ASSET RECORDS

Capital asset records are not maintained by the Town. A similar comment appeared in the prior Report B33377.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. 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 balance, for December 31, 2009, did not agree. The bank reports a balance higher than the total fund balance by \$74.

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."

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)

TOWN OF BURKET  
EXIT CONFERENCE

The contents of this report were discussed on September 3, 2010, with Mary Marshall, Clerk-Treasurer. The official concurred with our findings.