

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

EXAMINATION REPORT
OF
TOWN OF GOODLAND
NEWTON COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
11/30/2010

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	7-8
Supplementary Information:	
Schedule of Capital Assets.....	9
Schedule of Long-Term Debt	10
Examination Results and Comments:	
Hydrant Rental.....	11
Compensation and Benefits	11
Ordinances and Resolutions	11
Overdrawn Fund Balances	12
Customer Deposit Register	12
Exit Conference.....	13

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Tina Ward

01-01-04 to 12-31-11

President of the
Town Council

James Butler

01-01-07 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 GOODLAND, NEWTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Goodland (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

September 15, 2010

TOWN OF GOODLAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 465,362	\$ 303,934	\$ 310,455	\$ 458,841
Motor Vehicle Highway	141,939	99,703	109,470	132,172
Local Road and Street	1,653	4,927	6,064	516
Law Enforcement Continuing Education	374	165	-	539
Rainy Day	14,913	-	-	14,913
Trash Removal	23,393	42,825	42,488	23,730
HUD House	10,575	5,010	-	15,585
Good Neighbor Donation Fund	255,179	100,438	-	355,617
Park Pond Donation Fund	3,429	16,059	17,514	1,974
Community Center Exp Donation	1,840	2,373	-	4,213
Community Center Donation	125	-	-	125
Daycare	1,800	-	-	1,800
County Economic Development Loan	(32,094)	947	-	(31,147)
Lease Rental Payment	10,800	4,400	-	15,200
Economic Development Corporation	-	429,467	412,470	16,997
Cumulative Capital Improvement	40	3,850	3,156	734
Cumulative Capital Development	81,885	11,663	-	93,548
Proprietary Funds:				
Water Utility - Operating	89,302	209,111	170,451	127,962
Water Utility - Depreciation	33,100	20,776	-	53,876
Water Utility - Customer Deposit	29,272	4,500	3,062	30,710
Water Utility - Improvement	63,207	-	-	63,207
Wastewater Utility - Operating	58,185	191,058	166,236	83,007
Wastewater Utility - Bond and Interest	66,778	62,376	61,963	67,191
Wastewater Utility - Improvement	65,700	-	-	65,700
Fiduciary Funds:				
Retirement	795	-	-	795
Payroll	5,574	198,420	197,922	6,072
Totals	<u>\$ 1,393,126</u>	<u>\$ 1,712,002</u>	<u>\$ 1,501,251</u>	<u>\$ 1,603,877</u>

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

TOWN OF GOODLAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year 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	\$ 458,841	\$ 213,025	\$ 263,322	\$ 408,544
Motor Vehicle Highway	132,172	73,777	115,106	90,843
Local Road and Street	516	4,527	5,442	(399)
Law Enforcement Continuing Education	539	200	-	739
Rainy Day	14,913	-	-	14,913
Trash Removal	23,730	55,278	50,901	28,107
HUD House	15,585	3,700	-	19,285
Good Neighbor Donation Fund	355,617	98,328	210,482	243,463
Park Pond Donation Fund	1,974	15,208	15,319	1,863
Community Center Exp Donation	4,213	1,650	-	5,863
Community Center Donation	125	-	-	125
Daycare	1,800	-	-	1,800
County Economic Development Loan	(31,147)	395	-	(30,752)
Lease Rental Payment	15,200	4,800	-	20,000
Economic Development Corporation	16,997	88,402	59,000	46,399
Cumulative Capital Improvement	734	3,564	3,500	798
Cumulative Capital Development	93,548	6,365	-	99,913
Proprietary Funds:				
Water Utility - Operating	127,962	201,493	225,773	103,682
Water Utility - Depreciation	53,876	19,657	-	73,533
Water Utility - Customer Deposit	30,710	3,100	2,280	31,530
Water Utility - Improvement	63,207	-	-	63,207
Wastewater Utility - Operating	83,007	185,914	181,996	86,925
Wastewater Utility - Bond and Interest	67,191	60,953	61,100	67,044
Wastewater Utility - Improvement	65,700	-	-	65,700
Fiduciary Funds:				
Police Officers' Pension	795	-	-	795
Payroll	6,072	231,046	230,293	6,825
Totals	<u>\$ 1,603,877</u>	<u>\$ 1,271,382</u>	<u>\$ 1,424,514</u>	<u>\$ 1,450,745</u>

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

TOWN OF GOODLAND
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year 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	\$ 408,544	\$ 348,155	\$ 382,143	\$ 374,556
Motor Vehicle Highway	90,843	158,587	149,232	100,198
Local Road and Street	(399)	4,213	3,500	314
Law Enforcement Continuing Education	739	80	-	819
Rainy Day	14,913	3,412	-	18,325
Trash Removal	28,107	49,300	49,884	27,523
HUD House	19,285	-	-	19,285
Good Neighbor Donation Fund	243,463	103,457	163,450	183,470
Park Pond Donation Fund	1,863	6,337	7,826	374
Community Center Exp Donation	5,863	2,825	-	8,688
Community Center Donation	125	-	-	125
Daycare	1,800	-	-	1,800
County Economic Development Loan	(30,752)	232	-	(30,520)
Lease Rental Payment	20,000	4,800	-	24,800
Economic Development Corporation	46,399	97,420	50,094	93,725
Cumulative Capital Improvement	798	3,361	3,500	659
Cumulative Capital Development	99,913	14,965	14,000	100,878
Proprietary Funds:				
Water Utility - Operating	103,682	201,036	206,979	97,739
Water Utility - Depreciation	73,533	18,851	-	92,384
Water Utility - Customer Deposit	31,530	2,801	3,160	31,171
Water Utility - Improvement	63,207	-	-	63,207
Wastewater Utility - Operating	86,925	191,482	176,133	102,274
Wastewater Utility - Bond and Interest	67,044	59,923	60,163	66,804
Wastewater Utility - Improvement	65,700	-	-	65,700
Fiduciary Funds:				
Police Officers' Pension	795	-	-	795
Payroll	6,825	234,591	234,803	6,613
Totals	<u>\$ 1,450,745</u>	<u>\$ 1,505,828</u>	<u>\$ 1,504,867</u>	<u>\$ 1,451,706</u>

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

TOWN OF GOODLAND
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 treatment and distribution, wastewater collection and treatment, 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.

TOWN OF GOODLAND
NOTES TO FINANCIAL INFORMATION
(Continued)

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.

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 GOODLAND
 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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 144,637
Infrastructure	8,425,653
Buildings	2,064,382
Improvements other than buildings	128,143
Machinery and equipment	<u>2,782,891</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 13,545,706</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 6,473
Infrastructure	1,084,712
Buildings	118,350
Improvements other than buildings	296,414
Machinery and equipment	<u>171,229</u>
 Total Water Utility capital assets	 <u>1,677,178</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	66,160
Infrastructure	1,867,305
Buildings	159,872
Improvements other than buildings	4,832,068
Machinery and equipment	<u>167,402</u>
 Total Wastewater Utility capital assets	 <u>7,092,807</u>
 Total business-type activities capital assets	 <u>\$ 8,769,985</u>

TOWN OF GOODLAND
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bond:		
2003 Wastewater Improvement Refunding	\$ 650,000	\$ 59,150

TOWN OF GOODLAND
EXAMINATION RESULTS AND COMMENTS

HYDRANT RENTAL

The Town pays hydrant rental fees to the water utility of approximately \$ 17,390 per year. The current water rate ordinance does not have a provision for hydrant rental charges to be billed to the Town.

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)

COMPENSATION AND BENEFITS

Mathew D. Hall, Town Marshal, received overtime pay for 2007, 2008, and 2009, which was not included in the payroll system or on the salary ordinance or resolution.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing 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)

ORDINANCES AND RESOLUTIONS

The Town of Goodland has established a personnel policy concerning Vacation Buy Back. The policy states that employees may be paid 1/2 their normal daily rate for any accumulated vacation time in excess of 20 days. It was determined, during the course of our examination, that the pay out for each year was incorrectly calculated, using the full rate of pay instead of 1/2 as established by the policy. Additionally, the Clerk-Treasurer's payments were based on accumulated days in excess of 10 days instead of the 20 days established in the policy. These errors resulted in the overpayment of vacation buyouts to the following individuals.

Tina Ward, Clerk-Treasurer	\$ 7,622.20
John Miller, Wastewater Superintendent	4,755.87
John P. Donahue, Water Superintendent	7,969.27
Charles Rees, Asst Water Superintendent	576.90

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)

On September 21, 2010, the Town Board retroactively amended the personnel policy related to vacation buy back to allow for the payments identified in this comment.

TOWN OF GOODLAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The Economic Development Fund was overdrawn by \$31,147, \$30,752, and \$30,520, as of December 31, 2007, 2008, and 2009, respectively. The Local Road and Street Fund was overdrawn by \$399 as of December 31, 2008.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and 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 GOODLAND
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2010, with Tina Ward, Clerk-Treasurer, and James Butler, President of the Town Board. The officials concurred with our findings.