

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

EXAMINATION REPORT
OF
TOWN OF GENTRYVILLE
SPENCER 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
Notes to Financial Information	5
Supplementary Information:	
Schedule of Long-Term Debt	6
Examination Results and Comments:	
Capital Asset Records	7
Appropriations.....	7
Annual Report.....	7
List of Employees Not Filed With County Treasurer	8
Ordinances and Resolutions - Wastewater Rate Ordinance.....	8
Official Bonds.....	8
Ordinances and Resolutions - Payment In Lieu of Taxes	8
Penalties, Interest, and Other Charges	8-9
Compensation and Benefits	9
Federal and State Agencies – Compliance Requirements	9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Rebecca Hart

06-01-05 to 12-31-11

President of the Town Council

Martha DeWitt

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 GENTRYVILLE, SPENCER COUNTY, INDIANA

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

STATE BOARD OF ACCOUNTS

September 27, 2010

TOWN OF GENTRYVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY 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	\$ 11,863	\$ 36,234	\$ 37,352	\$ 10,745
Motor Vehicle Highway	7,604	9,414	7,927	9,091
Local Road and Street	1,340	1,463	933	1,870
Law Enforcement Continuing Education	202	370	167	405
Riverboat	6,510	1,652	-	8,162
Cemetery	1,000	-	-	1,000
Park	-	1,000	-	1,000
Cumulative Capital Improvement	3,446	920	-	4,366
Cumulative Capital Development	9,921	1,080	-	11,001
County Economic Development Income Tax	21,722	4,357	2,250	23,829
Proprietary Funds:				
Water Utility - Operating	39,371	348,181	345,087	42,465
Water Utility - Bond and Interest	5,323	37,320	37,320	5,323
Water Utility - Customer Deposit	18,221	4,635	4,112	18,744
Water Utility - Maintenance	-	5,000	-	5,000
Water Utility - Debt Reserve	37,320	-	-	37,320
Wastewater Utility - Operating	5,215	84,399	82,580	7,034
Wastewater Utility - Bond and Interest	-	31,130	31,128	2
Wastewater Utility - Customer Deposit	2,850	1,955	1,355	3,450
Wastewater Utility - Debt Reserve	22,590	4,560	-	27,150
Totals	\$ 194,498	\$ 573,670	\$ 550,211	\$ 217,957

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 10,745	\$ 36,465	\$ 27,846	\$ 19,364
Motor Vehicle Highway	9,091	7,159	11,028	5,222
Local Road and Street	1,870	1,398	1,760	1,508
Law Enforcement Continuing Education	405	95	-	500
Riverboat	8,162	1,644	4,872	4,934
Cemetery	1,000	-	-	1,000
Park	1,000	-	344	656
Cumulative Capital Improvement	4,366	852	-	5,218
Cumulative Capital Development	11,001	1,066	-	12,067
County Economic Development Income Tax	23,829	50,614	54,350	20,093
Proprietary Funds:				
Water Utility - Operating	42,465	426,595	438,466	30,594
Water Utility - Bond and Interest	5,323	36,520	36,520	5,323
Water Utility - Customer Deposit	18,744	3,700	3,059	19,385
Water Utility - Maintenance	5,000	12,000	-	17,000
Water Utility - Debt Reserve	37,320	-	-	37,320
Wastewater Utility - Operating	7,034	81,393	80,721	7,706
Wastewater Utility - Bond and Interest	2	30,798	13,072	17,728
Wastewater Utility - Customer Deposit	3,450	1,000	1,325	3,125
Wastewater Utility - Debt Reserve	27,150	4,560	-	31,710
Totals	\$ 217,957	\$ 695,859	\$ 673,363	\$ 240,453

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 19,364	\$ 47,876	\$ 42,411	\$ 24,829
Motor Vehicle Highway	5,222	6,930	11,870	282
Local Road and Street	1,508	1,329	2,610	227
Law Enforcement Continuing Education	500	210	93	617
Riverboat	4,934	1,639	4,933	1,640
Cemetery	1,000	-	-	1,000
Grant Loan	-	18,775	-	18,775
Park	656	-	432	224
Cumulative Capital Improvement	5,218	803	1,752	4,269
Cumulative Capital Development	12,067	860	-	12,927
County Economic Development Income Tax	20,093	15,024	33,104	2,013
Proprietary Funds:				
Water Utility - Operating	30,594	347,791	364,124	14,261
Water Utility - Bond and Interest	5,323	36,660	36,660	5,323
Water Utility - Customer Deposit	19,385	5,516	3,196	21,705
Water Utility - Maintenance	17,000	10,000	23,057	3,943
Water Utility - Debt Reserve	37,320	-	-	37,320
Wastewater Utility - Operating	7,706	80,900	77,946	10,660
Wastewater Utility - Bond and Interest	17,728	31,465	49,193	-
Wastewater Utility - Customer Deposit	3,125	2,700	1,800	4,025
Wastewater Utility - Maintenance	-	2,000	-	2,000
Wastewater Utility - Debt Reserve	31,710	-	-	31,710
Totals	\$ 240,453	\$ 610,478	\$ 653,181	\$ 197,750

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

TOWN OF GENTRYVILLE
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.

Note 6. Subsequent Event – Water Utility Operating Loan

The Town has obtained a \$40,000 loan to cover current Water Utility operating expenses. This loan is to be repaid over three years beginning July 5, 2011.

TOWN OF GENTRYVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2009

The Town has entered into the following debt:

Description of Asset	Ending Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable:		
Grant Matching Funds	\$ 17,858	\$ 2,248
Total governmental activities debt	<u>\$ 17,858</u>	<u>\$ 2,248</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Standpipe Project	\$ 28,000	\$ 29,680
Wastewater Utility:		
Loan:		
Wastewater Construction	486,000	32,085
Total business-type activities long-term debt	<u>\$ 514,000</u>	<u>\$ 61,765</u>

TOWN OF GENTRYVILLE
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town has not maintained comprehensive detailed records of capital assets, including additions, deletions, and balances. A similar comment was included in several prior reports

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)

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>
General	2008	\$ 6,599
Local Road and Street	2008	372
Motor Vehicle Highway	2008	2,117
County Economic Development		
Income Tax	2008	40,951
General	2009	7,411
Local Road and Street	2009	10
County Economic Development		
Income Tax	2009	4,104

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."

ANNUAL REPORT

The annual reports for 2007, 2008, and 2009 presented for examination were not accurate.

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 . . ."

TOWN OF GENTRYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

ORDINANCES AND RESOLUTIONS - WASTEWATER RATE ORDINANCE

The Town has an ordinance concerning Wastewater rates that was to be implemented in two phases. Phase I was effective with the passing and adoption of the ordinance. Phase II was to be effective beginning with the July 2007 billing. However, Phase II was never implemented. This was approximately a 6% increase and the estimated loss of revenues between July, 2007 and December, 2009 is \$11,635.

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)

OFFICIAL BONDS

The official bonds for the Town and Utilities were not filed in the Office of the County Recorder.

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. . . ."

ORDINANCES AND RESOLUTIONS - PAYMENT IN LIEU OF TAXES

The Town has a resolution concerning Payment in Lieu of Taxes from the Water Utility to the Town. However, the payment of \$1,752 per year was not made for 2008 or 2009. A similar comment was included in the prior report.

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)

PENALTIES, INTEREST, AND OTHER CHARGES

In some cases, amounts payable to vendors and other suppliers of goods and services were not paid on time, resulting in interest charges and late fees.

TOWN OF GENTRYVILLE
EXAMINATION RESULTS AND COMMENTS
(Continued)

Penalties and interest totaling \$33.76 were paid to the Indiana Department of Revenue on March 26, 2007, for the period ending January 31, 2007.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

The Town Marshall received \$3,399 in payments for 2009 which were not included on the salary ordinance.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The W-3, Transmittal of Wage and Tax Statements for 2009, was submitted containing errors.

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)

TOWN OF GENTRYVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 27, 2010, with Rebecca Hart, Clerk-Treasurer. The official concurred with our findings.

Separate phone exit conferences were held with Council members Martha DeWitt, Sherry Rue, and Chris Kendall.