

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

EXAMINATION REPORT
OF
TOWN OF MT. CARMEL
FRANKLIN COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
12/29/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Jerry E. Day

01-01-05 to 12-31-12

President of the
Town Council

Robert Hoffman

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 MT. CARMEL, FRANKLIN COUNTY, INDIANA

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

November 1, 2010

TOWN OF MT. CARMEL
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	\$ (31,056)	\$ 3,968	\$ 7,281	\$ (34,369)
Motor Vehicle Highway	18,832	2,862	1,519	20,175
Local Road and Street	3,967	591	-	4,558
Cumulative Capital Improvement	5,222	345	-	5,567
Cumulative Capital Development	35	-	-	35
Economic Development Income Tax	3,624	-	-	3,624
Totals	<u>\$ 624</u>	<u>\$ 7,766</u>	<u>\$ 8,800</u>	<u>\$ (410)</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ (34,369)	\$ 4,154	\$ 5,432	\$ (35,647)
Motor Vehicle Highway	20,175	2,901	1,434	21,642
Local Road and Street	4,558	457	-	5,015
Cumulative Capital Improvement	5,567	325	-	5,892
Cumulative Capital Development	35	-	-	35
Economic Development Income Tax	3,624	-	-	3,624
Totals	<u>\$ (410)</u>	<u>\$ 7,837</u>	<u>\$ 6,866</u>	<u>\$ 561</u>

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

TOWN OF MT. CARMEL
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, 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. 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 MT. CARMEL
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

As reported in prior Report B33822, financial records presented for examination were incomplete and not reflective of the activity of the Town's funds. The Town's ledgers were not presented for examination. The fund activity was abstracted from the bank records to accumulate receipts, disbursements, and balances.

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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS

As reported in prior Report B33822, depository reconciliations of the fund balances to the bank account balances were not presented for examination.

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)

OVERDRAWN CASH BALANCES

The record balance of total funds was overdrawn at December 31, 2008. The checking account was overdrawn in June 2009.

The cash 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)

OVERDRAWN FUND BALANCES

The General Fund was overdrawn in all of 2008 and 2009. A similar comment appeared in prior Report B33822.

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)

TOWN OF MT. CARMEL
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL REPORTS

Annual reports for 2008 and 2009 were not presented for examination. A similar comment appeared in prior Report B33822.

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 . . ."

DEPOSITS

As reported in prior Report B33822, in numerous instances, receipts were deposited later than the next business day.

IC 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

RESIDENCY OF CLERK-TREASURER

As reported in prior Report B33822, the current Clerk-Treasurer of the Town of Mt. Carmel does not reside within the Town limits.

IC 36-5-6-3 states in part: "The Clerk-Treasurer must reside within the town as provided in Article, Section 6 of the Constitution of the State of Indiana."

OFFICIAL BOND

As reported in prior Report B33822, an official bond was not filed in the Office of the County Recorder for Jerry E. Day, Clerk-Treasurer.

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. . . ."

PAYROLL DEDUCTIONS

As reported in prior Report B33822, payments were made to Town employees without payroll deductions for taxes.

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)

TOWN OF MT. CARMEL
EXAMINATION RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Clerk-Treasurer did not file Forms W-2 (Wage and Tax Statement) for Town employees in 2008 or 2009. Neither Forms 941 (Employer's Quarterly Federal Tax Return) nor Forms 944 (Employer's Annual Federal Tax Return) was filed for 2008 or 2009. A similar comment appeared in prior Report B33822.

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Bank service charges totaling \$60 and \$85 for 2008 and 2009, respectively, were deducted from the bank accounts. A similar comment appeared in prior Report B33822.

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)

APPROPRIATIONS

The Town did not obtain an approved budget for the years 2008 and 2009. A similar comment appeared in prior Report B33822.

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."

TOWN OF MT. CARMEL
EXAMINATION RESULTS AND COMMENTS
(Continued)

BOARD MINUTES

Not all minutes of meetings of the governing body were available for examination.

IC 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes take, by individual members if there is a roll call.
- (5) An additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer. A similar comment appeared in prior Report B33822.

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."

CERTIFIED REPORT NOT FILED

The Town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2008 and 2009. A similar comment appeared in prior Report B33822.

IC 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

TOWN OF MT. CARMEL
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2010, with Jerry E. Day, Clerk-Treasurer.