

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

EXAMINATION REPORT

OF

TOWN OF CORUNNA

DEKALB COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
12/29/2010

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 Capital Assets.....	6
Schedule of Long Term Debt.....	7
Examination Results and Comments:	
Annual Reports.....	8
Personal Property Use	8
Public Sale of Personal Property.....	8
Penalties, Interest, and Other Charges	9
Utility Receipts Tax.....	9
Exit Conference.....	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Cassandra Lynch

01-01-08 to 12-31-11

President of the Town Council

Phil Arnett
Steve Faulkner

01-01-08 to 12-31-08
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 CORUNNA, DEKALB COUNTY, INDIANA

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

The Schedule of Capital Assets and the Schedule of Long-Term Debt, as listed in the Table of Contents, is 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

November 8, 2010

TOWN OF CORUNNA
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 153,248	\$ 154,143	\$ 174,018	\$ 133,373
Motor Vehicle Highway	56,437	14,278	19,204	51,511
Local Road and Street	3,009	1,459	1,015	3,453
Hospital Aid	1,426	-	-	1,426
Rainy Day	-	3,162	-	3,162
Cumulative Capital Improvement	13,159	826	-	13,985
Cumulative Capital Development	16,588	1,250	-	17,838
County Economic Development Income Tax	23,024	8,465	2,949	28,540
Fire Station Replacement	9,498	-	8,000	1,498
Proprietary Funds:				
Water Utility - Operating	33,490	50,512	44,342	39,660
Water Utility - Bond and Interest	5,552	18,716	16,255	8,013
Water Utility - Depreciation	4,756	1,200	1,377	4,579
Water Utility - Reserve	14,168	102,628	98,160	18,636
Water Utility - Customer Deposit	1,960	915	-	2,875
Wastewater Utility - Operating	40,324	49,863	54,117	36,070
Wastewater Utility - Bond and Interest	9,148	23,799	21,750	11,197
Wastewater Utility - Reserve	22,886	414	-	23,300
Wastewater Utility - Customer Deposit	150	-	-	150
Fiduciary Fund:				
Payroll	277	46,011	45,275	1,013
Totals	<u>\$ 409,100</u>	<u>\$ 477,641</u>	<u>\$ 486,462</u>	<u>\$ 400,279</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 133,373	\$ 116,978	\$ 134,463	\$ 115,888
Motor Vehicle Highway	51,511	12,485	21,015	42,981
Local Road and Street	3,453	1,374	-	4,827
Hospital Aid	1,426	-	-	1,426
Rainy Day	3,162	1,965	-	5,127
Cumulative Capital Improvement	13,985	779	-	14,764
Cumulative Capital Development	17,838	950	-	18,788
County Economic Development Income Tax	28,540	6,683	-	35,223
Fire Station Replacement	1,498	-	-	1,498
Proprietary Funds:				
Water Utility - Operating	39,660	44,000	47,364	36,296
Water Utility - Bond and Interest	8,013	18,264	18,492	7,785
Water Utility - Depreciation	4,579	1,200	-	5,779
Water Utility - Reserve	18,636	1,056	-	19,692
Water Utility - Customer Deposit	2,875	400	100	3,175
Wastewater Utility - Operating	36,070	52,140	53,687	34,523
Wastewater Utility - Bond and Interest	11,197	23,304	15,608	18,893
Wastewater Utility - Reserve	23,300	-	6,712	16,588
Wastewater Utility - Customer Deposit	150	-	-	150
Fiduciary Fund:				
Payroll	1,013	46,492	46,518	987
Totals	<u>\$ 400,279</u>	<u>\$ 328,070</u>	<u>\$ 343,959</u>	<u>\$ 384,390</u>

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

TOWN OF CORUNNA
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: water and wastewater, public safety, health and social services, culture and recreation, 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 CORUNNA
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 60,000
Buildings	663,058
Machinery and equipment	<u>265,500</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 988,558</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 3,760
Improvements other than buildings	<u>685,880</u>
 Total Water Utility capital assets	 <u>689,640</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	12,692
Improvements other than buildings	712,331
Machinery and equipment	<u>9,008</u>
 Total Wastewater Utility capital assets	 <u>734,031</u>
 Total business-type activities, capital assets not being depreciated	 <u>\$ 1,423,671</u>

TOWN OF CORUNNA
 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:		
Water Utility:		
Notes and loans payable	\$ 30,855	\$ 8,264
Revenue bonds:		
1993 Waterworks Construction	<u>127,000</u>	<u>10,059</u>
Total Water Utility	<u>157,855</u>	<u>18,323</u>
Wastewater Utility:		
Revenue bonds:		
1986 Sewage Works Construction	104,500	10,100
2005 Sewage Works Extensions	<u>139,000</u>	<u>12,710</u>
Total Wastewater Utility	<u>243,500</u>	<u>22,810</u>
Total business-type activities debt	<u>\$ 401,355</u>	<u>\$ 41,133</u>

TOWN OF CORUNNA
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

Annual reports for 2008 and 2009 were not presented for examination.

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 . . ."

PERSONAL PROPERTY USE

Phil Arnett, Town Council member, used a lawn mower owned by the Town to mow his own property.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC SALE OF PERSONAL PROPERTY

The Town purchased the old bridge over State Road 327 from the State of Indiana for \$4,000 when the bridge was replaced. Phil Arnett, Town Council member, agreed to sell the bridge to a Town citizen for \$1,000 without approval from Town Council and without following proper sale procedures. The Clerk-Treasurer did not deposit the check. It was turned over to the court when the Town citizen filed a lawsuit regarding bridge ownership. The court determined that the transaction was a void sale.

If an auctioneer is not engaged under IC 5-22-22-4 for the sale of personal property valued at more than \$1,000, the purchasing agency shall sell the property at a public sale or by sealed bids delivered to the office of the purchasing agency before the date of the sale. Advertisement of the sale shall be made in accordance with IC 5-3-1. All sales shall be made to the highest responsible bidder. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CORUNNA
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$52.14 were paid to the Indiana Department of Revenue on October 7, 2008, for the year 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)

UTILITY RECEIPTS TAX

The Water Utility only made one payment of Utility Receipts Tax to the Indiana Department of Revenue during the year 2009.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CORUNNA
EXIT CONFERENCE

The contents of this report were discussed on November 8, 2010, with Cassandra Lynch, Clerk-Treasurer, and Steve Faulkner, President of the Town Council. The officials concurred with our findings.