

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

EXAMINATION REPORT

OF

TOWN OF DUNREITH

HENRY COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**

12/29/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robin Minnemann	01-01-08 to 12-31-11
President of the Town Council	Tim Martin	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 DUNREITH, HENRY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Dunreith (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, 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

October 25, 2010

TOWN OF DUNREITH  
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	\$ 52,303	\$ 52,223	\$ 53,748	\$ 50,778
Motor Vehicle Highway	25,032	7,145	1,586	30,591
Local Road and Street	11,482	1,052	2,639	9,895
Riverboat	3,478	1,155	-	4,633
Rainy Day	-	2,500	-	2,500
Cumulative Capital Improvement	10,510	599	1,175	9,934
Proprietary Funds:				
Electric Utility - Operating	141,740	201,303	196,453	146,590
Electric Utility - Depreciation	37,051	-	-	37,051
Electric Utility - Customer Deposit	1,199	800	300	1,699
Trash Utility - Operating	785	8,939	8,101	1,623
Fiduciary Fund:				
Cemetery	2,868	1,200	-	4,068
Totals	<u>\$ 286,448</u>	<u>\$ 276,916</u>	<u>\$ 264,002</u>	<u>\$ 299,362</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 50,778	\$ 55,817	\$ 51,553	\$ 55,042
Motor Vehicle Highway	30,591	7,270	7,145	30,716
Local Road and Street	9,895	1,147	-	11,042
Riverboat	4,633	1,151	-	5,784
Rainy Day	2,500	5,778	-	8,278
Cumulative Capital Improvement	9,934	564	1,258	9,240
Proprietary Funds:				
Electric Utility - Operating	146,590	157,292	151,189	152,693
Electric Utility - Depreciation	37,051	650	550	37,151
Electric Utility - Customer Deposit	1,699	750	750	1,699
Trash Utility - Operating	1,623	9,170	8,956	1,837
Fiduciary Fund:				
Cemetery	4,068	-	-	4,068
Totals	<u>\$ 299,362</u>	<u>\$ 239,589</u>	<u>\$ 221,401</u>	<u>\$ 317,550</u>

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

TOWN OF DUNREITH  
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, roads and streets, health and social services, culture and recreation, electric utility, 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 DUNREITH  
 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	\$ 5,000
Infrastructure - roads and streets	136,219
Buildings	166,167
Improvements other than buildings	7,111
Machinery and equipment	<u>226,506</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 541,003</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Electric Utility:	
Capital assets, not being depreciated:	
Machinery and equipment	\$ <u>97,037</u>
 Total business-type activities capital assets	 <u>\$ 97,037</u>

TOWN OF DUNREITH  
EXAMINATION RESULTS AND COMMENTS

OPTICAL IMAGES OF CHECKS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

IC 5-15-6-3 concerning optical imaging of checks states, in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, IC 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

TOWN OF DUNREITH  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

ORDINANCES AND RESOLUTIONS

We noted that certain individuals appear to have delinquent account balances without being charged penalties. We were informed that this was the result of the allowance of "budget" payments. There is no written policy adopted by the Town concerning collection procedures for delinquent accounts receivable, when disconnect of services occur, or "budget" payments. Because there is no written policy, we were unable to determine if customers were being billed equitably as required by statute.

In addition, the Town does not have an ordinance concerning a trash collection fee to be assessed to all users. The Town did bill all users who signed up for trash collection a collection fee. However, many residents are receiving the service by putting their trash out on collection day when in fact they have requested no trash service and, therefore, are not billed for trash service.

The governing board over a water, gas, or electric utility should adopt written policies dealing with unclaimed meter deposits, bad debts, due dates, write-offs, NSF checks, etc. 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)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF DUNREITH  
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2010, with Robin Minnemann, Clerk-Treasurer, and David Dudley, Town Council member. The officials concurred with our findings.