

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

AUDIT REPORT

OF

TOWN OF CARTHAGE

RUSH COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
08/09/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda A. McMahan	01-01-08 to 12-31-11
President of the Town Council	Rick Bush	01-01-09 to 12-31-09
	Jack Taylor	01-01-10 to 12-31-10
	Wanda C. Henderson	01-01-11 to 12-31-11
Superintendent of Utilities	Jimmy Alcorn	01-01-09 to 12-31-11



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF CARTHAGE, RUSH COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Carthage (Town), for the years ended December 31, 2009 and 2010. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 21, 2011, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 21, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF CARTHAGE, RUSH COUNTY, INDIANA

We have audited the financial statements of the Town of Carthage (Town), for the years ended December 31, 2009 and 2010, and have issued our report thereon dated July 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1 to be material weaknesses.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 21, 2011

FINANCIAL STATEMENT(S)

TOWN OF CARTHAGE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General Fund	\$ 14,948	\$ 260,538	\$ 247,845	\$ 27,641
Motor Vehicle Highway	26,676	42,121	42,199	26,598
Local Road And Street	16,320	2,824	-	19,144
Economic Development Income Tax	7,360	9,355	-	16,715
Law Enforcement Continuing Education	(612)	2,300	1,532	156
Cemetery	7,148	3,560	-	10,708
Rainy Day Fund	9,596	887	-	10,483
Indiana Criminal Justice Police Grant	686	-	686	-
Cumulative Capital Improvement	-	2,314	-	2,314
Payroll Fund	-	114,094	114,094	-
Utility Holding	42,255	465,331	507,388	198
Wastewater Operating	26,648	208,792	182,998	52,442
Sanitation	(11,553)	40,412	40,088	(11,229)
Water Operating	4,004	331,656	285,275	50,385
Water Customer Deposit	8,763	2,050	1,867	8,946
Water Construction	8,825	55,009	62,377	1,457
Water Bond and Interest	56,698	96,036	95,082	57,652
Water Debt Reserve	13,337	9,561	-	22,898
Totals	<u>\$ 231,099</u>	<u>\$ 1,646,840</u>	<u>\$ 1,581,431</u>	<u>\$ 296,508</u>

The notes to the financial statement(s) are an integral part of this statement.

TOWN OF CARTHAGE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 27,641	\$ 116,283	\$ 107,650	\$ 36,274
Motor Vehicle Highway	26,598	112,908	94,929	44,577
Local Road And Street	19,144	5,366	-	24,510
Economic Development Income Tax	16,715	12,710	-	29,425
Law Enforcement Continuing Education	156	1,078	1,778	(544)
Cemetery	10,708	4,525	-	15,233
Rainy Day Fund	10,483	1,127	-	11,610
Levy Excess Fund	-	471	-	471
Cumulative Capital Improvement	2,314	2,717	-	5,031
Payroll Fund	-	183,092	194,341	(11,249)
Utility Holding	198	509,868	509,921	145
Wastewater Operating	52,442	223,539	185,806	90,175
Sanitation	(11,229)	38,241	39,028	(12,016)
Sewer Construction	-	789,056	767,819	21,237
Sewer Sinking Fund	-	12,468	2,418	10,050
Sewer Debt Reserve	-	6,611	-	6,611
Water Operating	50,385	257,202	256,287	51,300
Water Customer Deposit	8,946	2,341	1,316	9,971
Water Reserve Replacement	-	3,448	-	3,448
Water Construction	1,457	-	-	1,457
Water Sinking	57,652	95,538	95,391	57,799
Water Debt Reserve	22,898	9,566	-	32,464
Totals	<u>\$ 296,508</u>	<u>\$ 2,388,155</u>	<u>\$ 2,256,684</u>	<u>\$ 427,979</u>

The notes to the financial statement(s) are an integral part of this statement.

TOWN OF CARTHAGE
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF CARTHAGE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF CARTHAGE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF CARTHAGE
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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 5. *Risk Management*

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Carthage's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF CARTHAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General Fund	Motor Vehicle Highway	Local Road And Street	Economic Development Income Tax	Law Enforcement Continuing Education	Cemetery	Rainy Day
Cash and investments - beginning	\$ 14,948	\$ 26,676	\$ 16,320	\$ 7,360	\$ (612)	\$ 7,148	\$ 9,596
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	340	-	-
Intergovernmental	169,778	42,121	2,824	-	-	-	-
Charges for services	-	-	-	-	-	3,560	-
Fines and forfeits	1,024	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	89,736	-	-	9,355	1,960	-	887
Total receipts	260,538	42,121	2,824	9,355	2,300	3,560	887
Disbursements:							
Personal services	7,240	8,051	-	-	1,335	-	-
Supplies	16,759	12,985	-	-	197	-	-
Other services and charges	223,846	21,042	-	-	-	-	-
Capital outlay	-	121	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	247,845	42,199	-	-	1,532	-	-
Excess (deficiency) of receipts over disbursements	12,693	(78)	2,824	9,355	768	3,560	887
Cash and investments - ending	<u>\$ 27,641</u>	<u>\$ 26,598</u>	<u>\$ 19,144</u>	<u>\$ 16,715</u>	<u>\$ 156</u>	<u>\$ 10,708</u>	<u>\$ 10,483</u>

TOWN OF CARTHAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Indiana Criminal Justice Police Grant	Cumulative Capital Improvement	Payroll Fund	Utility Holding	Wastewater Operating	Sanitation
Cash and investments - beginning	\$ 686	\$ -	\$ -	\$ 42,255	\$ 26,648	\$ (11,553)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,314	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	465,331	208,792	-
Other receipts	-	-	114,094	-	-	40,412
Total receipts	<u>-</u>	<u>2,314</u>	<u>114,094</u>	<u>465,331</u>	<u>208,792</u>	<u>40,412</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	182,998	-
Other disbursements	686	-	114,094	507,388	-	40,088
Total disbursements	<u>686</u>	<u>-</u>	<u>114,094</u>	<u>507,388</u>	<u>182,998</u>	<u>40,088</u>
Excess (deficiency) of receipts over disbursements	<u>(686)</u>	<u>2,314</u>	<u>-</u>	<u>(42,057)</u>	<u>25,794</u>	<u>324</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,314</u>	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ 52,442</u>	<u>\$ (11,229)</u>

TOWN OF CARTHAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Water Operating	Water Customer Deposit	Water Construction	Water Bond and Interest	Water Debt Reserve	Totals
Cash and investments - beginning	\$ 4,004	\$ 8,763	\$ 8,825	\$ 56,698	\$ 13,337	\$ 231,099
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	340
Intergovernmental	-	-	-	-	-	217,037
Charges for services	-	-	-	-	-	3,560
Fines and forfeits	-	-	-	-	-	1,024
Utility fees	331,656	2,050	-	-	-	1,007,829
Other receipts	-	-	55,009	96,036	9,561	417,050
Total receipts	<u>331,656</u>	<u>2,050</u>	<u>55,009</u>	<u>96,036</u>	<u>9,561</u>	<u>1,646,840</u>
Disbursements:						
Personal services	-	-	-	-	-	16,626
Supplies	-	-	-	-	-	29,941
Other services and charges	-	-	-	-	-	244,888
Capital outlay	-	-	62,377	-	-	62,498
Utility operating expenses	285,275	-	-	-	-	468,273
Other disbursements	-	1,867	-	95,082	-	759,205
Total disbursements	<u>285,275</u>	<u>1,867</u>	<u>62,377</u>	<u>95,082</u>	<u>-</u>	<u>1,581,431</u>
Excess (deficiency) of receipts over disbursements	<u>46,381</u>	<u>183</u>	<u>(7,368)</u>	<u>954</u>	<u>9,561</u>	<u>65,409</u>
Cash and investments - ending	<u>\$ 50,385</u>	<u>\$ 8,946</u>	<u>\$ 1,457</u>	<u>\$ 57,652</u>	<u>\$ 22,898</u>	<u>\$ 296,508</u>

TOWN OF CARTHAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Motor Vehicle Highway	Local Road And Street	Economic Development Income Tax	Law Enforcement Continuing Education	Cemetery
Cash and investments - beginning	\$ 27,641	\$ 26,598	\$ 19,144	\$ 16,715	\$ 156	\$ 10,708
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	600	-
Intergovernmental	102,285	112,908	5,366	-	-	-
Charges for services	-	-	-	-	-	4,525
Fines and forfeits	2,614	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	11,384	-	-	12,710	478	-
Total receipts	<u>116,283</u>	<u>112,908</u>	<u>5,366</u>	<u>12,710</u>	<u>1,078</u>	<u>4,525</u>
Disbursements:						
Personal services	27,148	55,566	-	-	665	-
Supplies	7,935	18,940	-	-	1,113	-
Other services and charges	72,567	20,318	-	-	-	-
Capital outlay	-	105	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>107,650</u>	<u>94,929</u>	<u>-</u>	<u>-</u>	<u>1,778</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,633</u>	<u>17,979</u>	<u>5,366</u>	<u>12,710</u>	<u>(700)</u>	<u>4,525</u>
Cash and investments - ending	<u>\$ 36,274</u>	<u>\$ 44,577</u>	<u>\$ 24,510</u>	<u>\$ 29,425</u>	<u>\$ (544)</u>	<u>\$ 15,233</u>

TOWN OF CARTHAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Rainy Day Fund	Levy Excess Fund	Cumulative Capital Improvement	Payroll Fund	Utility Holding	Wastewater Operating
Cash and investments - beginning	\$ 10,483	\$ -	\$ 2,314	\$ -	\$ 198	\$ 52,442
Receipts:						
Taxes	-	471	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	2,717	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	509,868	223,539
Other receipts	1,127	-	-	183,092	-	-
Total receipts	<u>1,127</u>	<u>471</u>	<u>2,717</u>	<u>183,092</u>	<u>509,868</u>	<u>223,539</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	185,806
Other disbursements	-	-	-	194,341	509,921	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,341</u>	<u>509,921</u>	<u>185,806</u>
Excess (deficiency) of receipts over disbursements	<u>1,127</u>	<u>471</u>	<u>2,717</u>	<u>(11,249)</u>	<u>(53)</u>	<u>37,733</u>
Cash and investments - ending	<u>\$ 11,610</u>	<u>\$ 471</u>	<u>\$ 5,031</u>	<u>\$ (11,249)</u>	<u>\$ 145</u>	<u>\$ 90,175</u>

TOWN OF CARTHAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sanitation	Sewer Construction	Sewer Sinking Fund	Sewer Debt Reserve	Water Operating	Water Customer Deposit
Cash and investments - beginning	\$ (11,229)	\$ -	\$ -	\$ -	\$ 50,385	\$ 8,946
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	38,241	-	-	-	257,202	2,341
Other receipts	-	789,056	12,468	6,611	-	-
Total receipts	<u>38,241</u>	<u>789,056</u>	<u>12,468</u>	<u>6,611</u>	<u>257,202</u>	<u>2,341</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	39,028	-	-	-	256,287	1,316
Other disbursements	-	767,819	2,418	-	-	-
Total disbursements	<u>39,028</u>	<u>767,819</u>	<u>2,418</u>	<u>-</u>	<u>256,287</u>	<u>1,316</u>
Excess (deficiency) of receipts over disbursements	<u>(787)</u>	<u>21,237</u>	<u>10,050</u>	<u>6,611</u>	<u>915</u>	<u>1,025</u>
Cash and investments - ending	<u>\$ (12,016)</u>	<u>\$ 21,237</u>	<u>\$ 10,050</u>	<u>\$ 6,611</u>	<u>\$ 51,300</u>	<u>\$ 9,971</u>

TOWN OF CARTHAGE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Reserve Replacement	Water Construction	Water Sinking	Water Debt Reserve	Totals
Cash and investments - beginning	\$ -	\$ 1,457	\$ 57,652	\$ 22,898	\$ 296,508
Receipts:					
Taxes	-	-	-	-	471
Licenses and permits	-	-	-	-	600
Intergovernmental	-	-	-	-	223,276
Charges for services	-	-	-	-	4,525
Fines and forfeits	-	-	-	-	2,614
Utility fees	-	-	-	-	1,031,191
Other receipts	3,448	-	95,538	9,566	1,125,478
Total receipts	<u>3,448</u>	<u>-</u>	<u>95,538</u>	<u>9,566</u>	<u>2,388,155</u>
Disbursements:					
Personal services	-	-	-	-	83,379
Supplies	-	-	-	-	27,988
Other services and charges	-	-	-	-	92,885
Capital outlay	-	-	-	-	105
Utility operating expenses	-	-	-	-	482,437
Other disbursements	-	-	95,391	-	1,569,890
Total disbursements	<u>-</u>	<u>-</u>	<u>95,391</u>	<u>-</u>	<u>2,256,684</u>
Excess (deficiency) of receipts over disbursements	<u>3,448</u>	<u>-</u>	<u>147</u>	<u>9,566</u>	<u>131,471</u>
Cash and investments - ending	<u>\$ 3,448</u>	<u>\$ 1,457</u>	<u>\$ 57,799</u>	<u>\$ 32,464</u>	<u>\$ 427,979</u>

TOWN OF CARTHAGE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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	\$ 8,000
Infrastructure	6,101,609
Buildings	48,000
Improvements other than buildings	71,485
Machinery and equipment	<u>405,089</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 6,634,183</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 1,549,050
Machinery and equipment	<u>50,420</u>
 Total Water Utility capital assets	 <u>1,599,470</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	\$ 930,125
Machinery and equipment	<u>325,718</u>
 Total Wastewater Utility capital assets	 <u>1,255,843</u>
 Total business-type activities capital assets	 <u>\$ 2,855,313</u>

TOWN OF CARTHAGE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Copier (1/3 share)	\$ 407	\$ 421
Police Car	<u>\$ 5,039</u>	<u>\$ 5,095</u>
Total governmental activities debt	<u>\$ 5,446</u>	<u>\$ 5,516</u>
Business-type activities:		
Water Utility:		
Capital leases:		
Copier (1/3 share)	\$ 407	\$ 421
Revenue bonds:		
Rural Development Bonds of 2007, Series A	1,573,000	86,425
Rural Development Bonds of 2007, Series B	<u>159,000</u>	<u>9,110</u>
Total Water Utility	<u>1,732,407</u>	<u>95,956</u>
Wastewater Utility:		
Capital leases:		
Copier (1/3 share)	407	421
Revenue bonds:		
Rural Development Bonds of 2010	<u>1,958,000</u>	<u>46,503</u>
Total Wastewater Utility	<u>1,958,407</u>	<u>46,924</u>
Total business-type activities debt	<u>\$ 3,690,814</u>	<u>\$ 142,880</u>

TOWN OF CARTHAGE
AUDIT RESULT(S) AND COMMENT(S)

LOAN BETWEEN FUNDS

Temporary loans were made between various funds of the Town as approved by the governing board. However, the Town failed to repay these temporary loans as required. Unpaid loans are as follows:

From	To	Year of Loan	Unpaid Balance December 31, 2010
Water Operating Fund	General Fund	2003	\$ 5,000
Utility Clearing Fund	General Fund	2004	20,000
Water Operating Fund	Wastewater Operating Fund	2003-2004	12,639

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . .

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

A similar comment was included in prior Report B35400.

INTERNAL CONTROLS OVER SEGREGATION OF DUTIES

The Town does not have adequate segregation of accounting duties or compensating controls in place as described below:

All duties are performed by two individuals, the Clerk-Treasurer and the Deputy Clerk-Treasurer, which includes all accounting, billing, and collection functions of the Town and its Utilities.

TOWN OF CARTHAGE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

Segregation of duties is the concept of having different people do different tasks within the organization. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties. The failure to establish these controls could enable material misstatements or irregularities to go undetected. We consider the above internal control deficiency to be a material weakness over financial transactions and reporting.

The lack of segregation of duties is caused by the Town having a small staff that limits the Town's ability to segregate accounting functions.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended that Town officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

A similar comment was included in prior Report B35400.

PRESCRIBED FORMS

Payroll schedule and voucher (General Payroll Form 99) provides for the certification of the appropriate official or department head, the disbursing officer, and the approval of the governing board. General Payroll Form 99 or an approved alternative form was not in use during the audit period.

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)

A similar comment was included in prior Report B35400.

OVERDRAWN FUND BALANCES

The following funds had overdrawn cash balances as of December 31, 2009 and 2010:

Fund	2009	2010
Sanitation	\$ 11,229	\$ 12,016
Payroll	-	11,249
Law Enforcement Continuing Education	-	544

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)

A similar comment was included in prior Report B35400.

TOWN OF CARTHAGE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

A similar comment was included in prior Report B35400.

CONDITION OF RECORDS - ANNUAL REPORT

The following deficiency relating to the Annual Report was present during our period of audit:

The Wastewater Utility Sanitation Fund activity was reported in the Wastewater Utility Operating Fund in the Annual Financial Report (CTAR-1) in 2010. The manually posted Wastewater Utility ledger was utilized to determine the activity of the Wastewater Utility Sanitation Fund for reporting purposes.

Indiana Code 5-11-1-4 states in part:

"The state examiner shall require from every . . . local governmental unit . . . financial reports covering the full period of each fiscal year. These reports shall be . . . filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner . . ."

TOWN OF CARTHAGE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

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)

A similar comment was included in prior Report B35400.

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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 AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF CARTHAGE, RUSH COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Carthage (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2009 and 2010. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2009 and 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 21, 2011

TOWN OF CARTHAGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-09	Total Federal Awards Expended 12-31-10
<u>U.S. DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT</u>				
Direct Grant				
Water and Waste Disposal Systems for Rural Communities Water System Improvement Project Loan	10.760		\$ 62,377	\$ -
ARRA - Water and Waste Disposal Systems for Rural Communities Waste Disposal System Improvement Project Loan	10.781		-	767,819
Total federal awards expended			<u>\$ 62,377</u>	<u>\$ 767,819</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF CARTHAGE
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Carthage (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF CARTHAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.781	ARRA- Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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TOWN OF CARTHAGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2010-1 - INTERNAL CONTROLS OVER SEGREGATION OF DUTIES

The Town does not have adequate segregation of accounting duties or compensating controls in place as described below:

All duties are performed by two individuals, the Clerk-Treasurer and the Deputy Clerk-Treasurer, which includes all accounting, billing, and collection functions of the Town and its Utilities.

Segregation of duties is the concept of having different people do different tasks within the organization. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties. The failure to establish these controls could enable material misstatements or irregularities to go undetected. We consider the above internal control deficiency to be a material weakness over financial transactions and reporting.

The lack of segregation of duties is caused by the Town having a small staff that limits the Town's ability to segregate accounting functions.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended that Town officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

A similar comment was included in prior Report B35400.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF CARTHAGE
6 WEST FIRST STREET
P. O. BOX 26
CARTHAGE, IN 46115

Summary Schedule Of Prior Audit Findings
Finding Number 2008-2
Original SBA Audit Report Number B35400
Fiscal Year 2008
Auditee Contact Person Linda A. McMahan
Title Of Contact Person Clerk Treasurer
Phone Number 765-565-6580

Status of Finding:

The Town has hired Kieser Consulting Group, LLC in October, 2010 to do the Town's Capital Assets. They have completed the Capital Assets May 23, 2011 and will e-mail to the State Board of Accounts Auditor, Todd Nobbe.

Sincerely,



Linda A. McMahan
Clerk Treasurer
Town Of Carthage

TOWN OF CARTHAGE
6 WEST FIRST STREET
P. O. BOX 26
CARTHAGE, IN 46115

FINDING NO. 2010-1, SEGREGATION OF DUTIES

Contact Person: Linda A. McMahan
Title: Clerk Treasurer for Town Of Carthage
Phone Number: 765-565-6580

Corrective Action Plan:
The Town Of Carthage will review its control procedures to obtain required maximum internal control.

Linda A. McMahan
Linda A. McMahan

July 21, 2011
Date

TOWN OF CARTHAGE
EXIT CONFERENCE

The contents of this report were discussed on July 21, 2011, with Linda A. McMahan, Clerk-Treasurer, and Wanda C. Henderson, President of the Town Council. The officials concurred with our audit findings.