

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF MATTHEWS

GRANT COUNTY, INDIANA

January 1, 2009 to December 31, 2010



**FILED**  
12/08/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sally J. McClellan	08-06-08 to 08-30-10
	(Vacant)	08-31-10 to 09-06-10
	Sandra C. Loer	09-07-10 to 12-31-11
President of the Town Council	David C. Loer	01-01-09 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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Telephone: (317) 232-2513  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MATTHEWS, GRANT COUNTY, INDIANA

We have examined the financial statements of the Town of Matthews (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

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 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.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to 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 and Town Council, 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

October 6, 2011

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF MATTHEWS  
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	\$ 62,433	\$ 146,407	\$ 128,221	\$ 80,619
Motor Vehicle Highway	5,490	23,214	14,309	14,395
Local Road And Street	7,353	7,557	10,818	4,092
Ball Park - Boren Donation	-	15,000	13,684	1,316
Law Enforcement Continuing Education	462	305	199	568
Riverboat	13,732	3,724	1,733	15,723
Miscellaneous - Boren Donation	1,229	-	1,229	-
Police Donation	1,384	289	-	1,673
Rainy Day	(527)	1,079	819	(267)
Cumulative Capital Development	11,126	3,022	226	13,922
Cumulative Capital Improvement	20,171	3,086	4,200	19,057
Payroll	3,099	-	-	3,099
Storm Water - Operating	9,743	39,783	12,661	36,865
Storm Water - Bond And Interest	2,131	-	-	2,131
Wastewater Utility - Operating	77,555	106,540	67,839	116,256
Wastewater Utility - Bond And Interest	13,951	-	18,520	(4,569)
Wastewater Utility - Debt Reserve	42,491	-	-	42,491
Totals	<u>\$ 271,823</u>	<u>\$ 350,006</u>	<u>\$ 274,458</u>	<u>\$ 347,371</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MATTHEWS  
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	\$ 80,619	\$ 130,604	\$ 163,929	\$ 47,294
Motor Vehicle Highway	14,395	16,073	4,625	25,843
Local Road And Street	4,092	5,590	-	9,682
Ball Park - Boren Donation	1,316	-	-	1,316
Law Enforcement Continuing Education	568	455	-	1,023
Riverboat	15,723	3,723	-	19,446
Fire Department Donation	-	40,000	-	40,000
Police Donation	1,673	1,466	1,464	1,675
Rainy Day	(267)	267	-	-
Cumulative Capital Development	13,922	2,247	-	16,169
Economic Development Income Tax	-	6,426	-	6,426
Cumulative Capital Improvement	19,057	1,742	-	20,799
Payroll	3,099	-	-	3,099
Storm Water - Operating	36,865	30,067	12,661	54,271
Storm Water - Bond And Interest	2,131	-	-	2,131
Wastewater Utility - Operating	116,256	82,740	95,922	103,074
Wastewater Utility - Bond And Interest	(4,569)	-	-	(4,569)
Wastewater Utility - Debt Reserve	42,491	-	-	42,491
Totals	<u>\$ 347,371</u>	<u>\$ 321,400</u>	<u>\$ 278,601</u>	<u>\$ 390,170</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MATTHEWS  
NOTES TO FINANCIAL STATEMENTS

**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, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statements present 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 MATTHEWS  
NOTES TO FINANCIAL STATEMENTS  
(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 MATTHEWS  
NOTES TO FINANCIAL STATEMENTS  
(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 MATTHEWS  
NOTES TO FINANCIAL STATEMENTS  
(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.

**Note 6. *Pension Plan***

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

TOWN OF MATTHEWS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

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

	General	Motor Vehicle Highway	Local Road And Street	Ball Park - Boren Donation	Law Enforcement Continuing Education	Riverboat
Cash and investments - beginning	\$ 62,433	\$ 5,490	\$ 7,353	\$ -	\$ 462	\$ 13,732
Receipts:						
Taxes	127,554	-	-	-	-	-
Licenses and permits	639	-	-	-	-	-
Intergovernmental	1,441	23,214	7,557	-	-	3,724
Charges for services	-	-	-	-	305	-
Utility fees	-	-	-	-	-	-
Other receipts	16,773	-	-	15,000	-	-
Total receipts	<u>146,407</u>	<u>23,214</u>	<u>7,557</u>	<u>15,000</u>	<u>305</u>	<u>3,724</u>
Disbursements:						
Personal services	58,867	6,308	-	-	-	-
Supplies	6,777	-	-	-	199	-
Other services and charges	42,584	8,001	10,818	13,684	-	1,733
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	19,993	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>128,221</u>	<u>14,309</u>	<u>10,818</u>	<u>13,684</u>	<u>199</u>	<u>1,733</u>
Excess (deficiency) of receipts over disbursements	<u>18,186</u>	<u>8,905</u>	<u>(3,261)</u>	<u>1,316</u>	<u>106</u>	<u>1,991</u>
Cash and investments - ending	<u>\$ 80,619</u>	<u>\$ 14,395</u>	<u>\$ 4,092</u>	<u>\$ 1,316</u>	<u>\$ 568</u>	<u>\$ 15,723</u>

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

	Miscellaneous - Boren Donation	Police Donation	Rainy Day	Cumulative Capital Development	Cumulative Capital Improvement	Payroll
Cash and investments - beginning	\$ 1,229	\$ 1,384	\$ (527)	\$ 11,126	\$ 20,171	\$ 3,099
Receipts:						
Taxes	-	-	-	3,022	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	3,086	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	289	1,079	-	-	-
Total receipts	-	289	1,079	3,022	3,086	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,229	-	819	226	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	4,200	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	1,229	-	819	226	4,200	-
Excess (deficiency) of receipts over disbursements	(1,229)	289	260	2,796	(1,114)	-
Cash and investments - ending	\$ -	\$ 1,673	\$ (267)	\$ 13,922	\$ 19,057	\$ 3,099

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

	Storm Water - Operating	Storm Water - Bond And Interest	Wastewater Utility - Operating	Wastewater Utility - Bond And Interest	Wastewater Utility - Debt Reserve	Totals
Cash and investments - beginning	\$ 9,743	\$ 2,131	\$ 77,555	\$ 13,951	\$ 42,491	\$ 271,823
Receipts:						
Taxes	-	-	-	-	-	130,576
Licenses and permits	-	-	-	-	-	639
Intergovernmental	-	-	-	-	-	39,022
Charges for services	-	-	-	-	-	305
Utility fees	-	-	106,540	-	-	106,540
Other receipts	39,783	-	-	-	-	72,924
Total receipts	<u>39,783</u>	<u>-</u>	<u>106,540</u>	<u>-</u>	<u>-</u>	<u>350,006</u>
Disbursements:						
Personal services	-	-	-	-	-	65,175
Supplies	-	-	-	-	-	6,976
Other services and charges	-	-	-	-	-	79,094
Debt service - principal and interest	12,661	-	17,870	-	-	30,531
Capital outlay	-	-	-	-	-	24,193
Utility operating expenses	-	-	49,969	-	-	49,969
Other disbursements	-	-	-	18,520	-	18,520
Total disbursements	<u>12,661</u>	<u>-</u>	<u>67,839</u>	<u>18,520</u>	<u>-</u>	<u>274,458</u>
Excess (deficiency) of receipts over disbursements	<u>27,122</u>	<u>-</u>	<u>38,701</u>	<u>(18,520)</u>	<u>-</u>	<u>75,548</u>
Cash and investments - ending	<u>\$ 36,865</u>	<u>\$ 2,131</u>	<u>\$ 116,256</u>	<u>\$ (4,569)</u>	<u>\$ 42,491</u>	<u>\$ 347,371</u>

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

	General	Motor Vehicle Highway	Local Road And Street	Ball Park - Boren Donation	Law Enforcement Continuing Education	Riverboat	Fire Department Donation
Cash and investments - beginning	\$ 80,619	\$ 14,395	\$ 4,092	\$ 1,316	\$ 568	\$ 15,723	\$ -
Receipts:							
Taxes	122,210	-	-	-	-	-	-
Intergovernmental	1,400	16,073	5,590	-	-	3,723	-
Charges for services	-	-	-	-	455	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	6,994	-	-	-	-	-	40,000
Total receipts	<u>130,604</u>	<u>16,073</u>	<u>5,590</u>	<u>-</u>	<u>455</u>	<u>3,723</u>	<u>40,000</u>
Disbursements:							
Personal services	109,366	-	-	-	-	-	-
Supplies	8,585	-	-	-	-	-	-
Other services and charges	35,767	4,625	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	10,211	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Total disbursements	<u>163,929</u>	<u>4,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(33,325)</u>	<u>11,448</u>	<u>5,590</u>	<u>-</u>	<u>455</u>	<u>3,723</u>	<u>40,000</u>
Cash and investments - ending	<u>\$ 47,294</u>	<u>\$ 25,843</u>	<u>\$ 9,682</u>	<u>\$ 1,316</u>	<u>\$ 1,023</u>	<u>\$ 19,446</u>	<u>\$ 40,000</u>

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

	Police Donation	Rainy Day	Cumulative Capital Development	Economic Development Income Tax	Cumulative Capital Improvement	Payroll
Cash and investments - beginning	\$ 1,673	\$ (267)	\$ 13,922	\$ -	\$ 19,057	\$ 3,099
Receipts:						
Taxes	-	-	2,247	6,426	-	-
Intergovernmental	-	-	-	-	1,742	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,466	267	-	-	-	-
Total receipts	<u>1,466</u>	<u>267</u>	<u>2,247</u>	<u>6,426</u>	<u>1,742</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	1,464	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Total disbursements	<u>1,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2</u>	<u>267</u>	<u>2,247</u>	<u>6,426</u>	<u>1,742</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,675</u>	<u>\$ -</u>	<u>\$ 16,169</u>	<u>\$ 6,426</u>	<u>\$ 20,799</u>	<u>\$ 3,099</u>

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

	Storm Water - Operating	Storm Water - Bond And Interest	Wastewater Utility - Operating	Wastewater Utility - Bond And Interest	Wastewater Utility - Debt Reserve	Totals
Cash and investments - beginning	\$ 36,865	\$ 2,131	\$ 116,256	\$ (4,569)	\$ 42,491	\$ 347,371
Receipts:						
Taxes	-	-	-	-	-	130,883
Intergovernmental	-	-	-	-	-	28,528
Charges for services	-	-	-	-	-	455
Utility fees	-	-	82,740	-	-	82,740
Other receipts	30,067	-	-	-	-	78,794
Total receipts	<u>30,067</u>	<u>-</u>	<u>82,740</u>	<u>-</u>	<u>-</u>	<u>321,400</u>
Disbursements:						
Personal services	-	-	-	-	-	109,366
Supplies	-	-	-	-	-	10,049
Other services and charges	-	-	-	-	-	40,392
Debt service - principal and interest	12,661	-	18,220	-	-	30,881
Capital outlay	-	-	-	-	-	10,211
Utility operating expenses	-	-	77,702	-	-	77,702
Total disbursements	<u>12,661</u>	<u>-</u>	<u>95,922</u>	<u>-</u>	<u>-</u>	<u>278,601</u>
Excess (deficiency) of receipts over disbursements	<u>17,406</u>	<u>-</u>	<u>(13,182)</u>	<u>-</u>	<u>-</u>	<u>42,799</u>
Cash and investments - ending	<u>\$ 54,271</u>	<u>\$ 2,131</u>	<u>\$ 103,074</u>	<u>\$ (4,569)</u>	<u>\$ 42,491</u>	<u>\$ 390,170</u>

TOWN OF MATTHEWS  
 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 completed in the current years have been reported. Retroactive reporting of general infrastructure assets is not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Infrastructure	\$ 976,911
Buildings	32,141
Machinery and equipment	<u>155,897</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,164,949</u>
 Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 77,214
Buildings	68,307
Improvements other than buildings	1,351,212
Machinery and equipment	<u>88,377</u>
 Total Wastewater Utility capital assets	 <u>\$ 1,585,110</u>

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Notes and loans payable:			
1997 storm sewer loan	\$ 79,225	\$ 12,668	Storm Water Bond and Interest
Bonds payable:			
Revenue bonds:			
1978 sewage construction	<u>70,401</u>	<u>18,520</u>	Wastewater Utility
Total debt	<u>\$ 149,626</u>	<u>\$ 31,188</u>	

TOWN OF MATTHEWS  
EXAMINATION RESULTS AND COMMENTS

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties and interest totaling \$4,583.32 were paid to the Internal Revenue Service. These charges are the result of the late filing of reports and the late remittance of withholdings for the period September 30, 2009 to June 30, 2010. Remittances for this period were not paid until September 2, 2010. Sally J. McClellan, former Clerk-Treasurer, was requested to reimburse the Town \$4,583.32.

Penalties and interest totaling \$2,914.86 were paid to the Indiana Department of Revenue. These charges are the result of the late filing of reports and the late remittance of withholdings for the period October 31, 2009 to January 31, 2010. Remittances for this period were not paid until September 1, 2010. On August 10, 2011, the Indiana Department of Revenue agreed to refund the Town penalties and interest in the amount of \$2,404.54. Sally J. McClellan, former Clerk-Treasurer, was requested to reimburse the Town the remaining balance of \$510.32. (See Summary, page 27)

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)

***PUBLIC RECORDS RETENTION***

The Town's computerized accounting records for 2009 and 2010 were deleted from the computer system after Sally J. McClellan, Clerk-Treasurer, resigned. Town Officials believed the records were incomplete and of no value. Only a limited number of 2009 reports were printed prior to the information being deleted. Financial information for 2009 and 2010 was recreated in a spreadsheet format using receipt books, copies of checks written and bank statements.

Indiana Code 5-15-6-3(d) states:

"No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced as described in subsection (e)."

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part:

"Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MATTHEWS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were incomplete. Monthly variances between the fund balances and the bank account balances were not identified. A similar comment appeared in prior Report B35366.

Indiana Code 5-13-6-1(e) states:

"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)

***OVERPAYMENTS***

The Indiana Department of Workforce Development was overpaid \$763 during 2010. The Clerk-Treasurer was advised to file for a refund.

The Indiana Department of Revenue assessed the Wastewater Utility \$30,719 for unpaid sales tax on utility billings. The Wastewater Utility paid the assessment in 2010. The Wastewater Utility does not charge or collect sales tax and should not have been assessed for this. The Indiana Department of Revenue subsequently refunded the Utility \$25,178, leaving a balance of \$5,541 yet to be refunded.

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)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF MATTHEWS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***ANNUAL REPORT***

The annual report for 2009 was not filed with the State Board of Accounts until August 2011. A similar comment was made in prior Report B35366.

Indiana Code 5-11-1-4 concerning annual reports, states in part:

"These reports shall be prepared, verified and filed with the state examiner not later than sixty (60) days after the close of each fiscal year."

***PRESCRIBED FORMS - REGISTER OF INVESTMENTS***

A Register of Investments (General Form 350) was not presented for examination. A similar comment appeared in prior Report B35366.

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)

***TRANSACTION RECORDING***

The purchase and sale of investments were not recorded in the records of the Wastewater Utility.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***OFFICIAL BOND***

A \$15,000 official bond for Sally J. McClellan, former Clerk-Treasurer, was obtained from The Ohio Casualty Insurance Company, of Hamilton, Ohio and covers the term beginning August 6, 2008 and ending on December 31, 2009.

A \$15,000 official bond for Sally J. McClellan, former Clerk-Treasurer, was obtained from The Ohio Casualty Insurance Company, of Hamilton, Ohio and covers the term beginning December 31, 2009 and ending on December 31, 2010.

The official bonds for Sally J. McClellan, former Clerk-Treasurer, and Sandra C. Loer, Clerk-Treasurer, were not filed in the Office of the County Recorder:

Indiana Code 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. . . ."

TOWN OF MATTHEWS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***DISPOSITION OF REAL PROPERTY***

During the examination period, the Town sold a parcel of land at 221 East 11th Street. Town Officials did not have the property appraised.

Indiana Code 36-1-11-4(b) states in part:

"The disposing agent shall first have the property appraised by two (2) appraisers. The appraisers must be:

- (1) professionally engaged in making appraisals;
- (2) licensed under IC 25-34.1; or
- (3) employees of the political subdivision familiar with the value of the property."

***INVESTMENT MATURITY LIMITATION***

On October 7, 2010, the Town purchased two certificates of deposit with each having a maturity of 36 months.

Indiana Code 5-13-9-5.6 states in part:

". . . investments made under this chapter must have a stated final maturity of not more than:  
(3) two (2) years for a fund or political subdivision not described in subdivision (1) or (2)."

TOWN OF MATTHEWS  
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2011, with Sandra C. Loer, Clerk-Treasurer; David C. Loer, President of the Town Council; and Richard Trobridge, Town Council member. The officials concurred with our findings.

Sally J. McClellan, former Clerk-Treasurer, did not respond to our request for an exit conference.

TOWN OF MATTHEWS  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sally J. McClellan, former Clerk-Treasurer:			
Penalties, Interest, and Other Charges, page 22			
Paid to Internal Revenue Service	\$ 4,583.32	\$ -	\$ 4,583.32
Paid to Indiana Department of Revenue	510.32	-	510.32
	<u>510.32</u>	<u>-</u>	<u>510.32</u>
Totals	<u>\$ 5,093.64</u>	<u>\$ -</u>	<u>\$ 5,093.64</u>

AFFIDAVIT

STATE OF INDIANA            )  
Grant COUNTY) )

I, Mary Jane Bartrom, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Matthews, Grant County, Indiana, for the period from January 1, 2009 to December 31, 2010, is true and correct to the best of my knowledge and belief.

Mary Jane Bartrom  
Field Examiner

Subscribed and sworn to before me this 24<sup>th</sup> day of October, 2011.

Deanna R. Fitzgerald  
Notary Public

My Commission Expires: August 7, 2013

County of Residence: Grant