

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF MULBERRY

CLINTON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
01/04/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Paula Bennett	01-01-08 to 12-31-15
President of the Town Council	Paul Smith Dave Jones	01-01-10 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MULBERRY, CLINTON COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Mulberry (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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, 2010 and 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Receivables, Schedule of Debt, and Schedule of Capital Assets, 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.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine 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 others within the entity 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

September 13, 2012

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 3,109	\$ 339,662	\$ 230,977	\$ 111,794
Motor Vehicle Highway	33,019	123,714	73,188	83,545
Local Road And Street	15,884	4,972	-	20,856
Law Enforcement Continuing Ed	2,039	515	997	1,557
Riverboat	8,680	-	165	8,515
Parks And Recreation	13,042	912	-	13,954
Recycling	186	-	-	186
Rainy Day	28,148	6,739	3,070	31,817
Loit-Public Safety	-	4,453	-	4,453
Cumulative Capl Imprv Cigarette Tax	19,693	8,040	5,619	22,114
Cumulative Capital Development	98,500	11,106	205	109,401
Cedit Capital Projects	128,621	17,812	6,000	140,433
Clearing	1,110	476,316	475,286	2,140
Payroll	5,357	234,375	234,014	5,718
Perf	-	4,778	4,778	-
Wastewater Utility-Operating	2,415	263,521	251,633	14,303
Wastewater Util-Bond And Interest	-	110,277	110,277	-
Wastewater Utility-Debt Reserve	67,799	22,445	-	90,244
Water Utility-Operating	42,878	189,623	198,842	33,659
Water Utility-Bond And Interest	20,114	82,293	82,684	19,723
Water Utility-Depreciation/Improve	-	-	-	-
Water Utility-Customer Deposit	5,434	1,915	3,399	3,950
Water Utility-Debt Reserve	17,675	26,578	-	44,253
Totals	<u>\$ 513,703</u>	<u>\$ 1,930,046</u>	<u>\$ 1,681,134</u>	<u>\$ 762,615</u>

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

TOWN OF MULBERRY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 111,794	\$ 328,731	\$ 226,849	\$ 213,676
Motor Vehicle Highway	83,545	47,692	68,102	63,135
Local Road And Street	20,856	4,913	-	25,769
Law Enforcement Continuing Ed	1,557	150	-	1,707
Riverboat	8,515	17,360	1,012	24,863
Parks And Recreation	13,954	846	-	14,800
Rainy Day	31,817	-	1,148	30,669
Cumulative Capl Imprv Cigarette Tax	22,114	4,004	7,561	18,557
Cumulative Capital Development	109,401	5,612	313	114,700
Cedit Capital Projects	140,433	14,723	6,959	148,197
Recycling	186	-	-	186
Loit-Public Safety	4,453	5,905	3,500	6,858
Clearing	2,140	463,543	463,859	1,824
Payroll	5,718	231,222	230,368	6,572
Perf	-	4,436	4,436	-
Wastewater Utility-Operating	14,303	263,980	236,031	42,252
Wastewater Util-Bond And Interest	-	87,790	87,790	-
Wastewater Utility-Debt Reserve	90,244	77	291	90,030
Water Utility-Operating	33,659	205,480	192,866	46,273
Water Utility-Bond And Interest	19,723	57,828	56,162	21,389
Water Utility-Customer Deposit	3,950	92	1,712	2,330
Water Utility-Debt Reserve	44,253	8,898	-	53,151
Totals	<u>\$ 762,615</u>	<u>\$ 1,753,282</u>	<u>\$ 1,588,959</u>	<u>\$ 926,938</u>

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

TOWN OF MULBERRY  
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, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

*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 include 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.

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,

TOWN OF MULBERRY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 include 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.

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.

TOWN OF MULBERRY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**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.

TOWN OF MULBERRY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

**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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 approved by management of the Town. It is presented as intended by the Town.

TOWN OF MULBERRY  
 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	Law Enforcement Continuing Ed	Riverboat	Parks And Recreation
Cash and investments - beginning	\$ 3,109	\$ 33,019	\$ 15,884	\$ 2,039	\$ 8,680	\$ 13,042
Receipts:						
Taxes	228,570	96,969	1,570	-	-	-
Licenses and permits	415	-	-	-	-	-
Intergovernmental	60,023	24,132	3,402	-	-	-
Charges for services	43,681	-	-	490	-	560
Fines and forfeits	-	-	-	25	-	-
Utility fees	-	-	-	-	-	-
Other receipts	6,973	2,613	-	-	-	352
Total receipts	<u>339,662</u>	<u>123,714</u>	<u>4,972</u>	<u>515</u>	<u>-</u>	<u>912</u>
Disbursements:						
Personal services	118,243	27,757	-	-	-	-
Supplies	3,151	9,962	-	-	-	-
Other services and charges	108,005	35,469	-	-	165	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,578	-	-	997	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>230,977</u>	<u>73,188</u>	<u>-</u>	<u>997</u>	<u>165</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>108,685</u>	<u>50,526</u>	<u>4,972</u>	<u>(482)</u>	<u>(165)</u>	<u>912</u>
Cash and investments - ending	<u>\$ 111,794</u>	<u>\$ 83,545</u>	<u>\$ 20,856</u>	<u>\$ 1,557</u>	<u>\$ 8,515</u>	<u>\$ 13,954</u>

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

	Recycling	Rainy Day	Loit-Public Safety	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Cedit Capital Projects
Cash and investments - beginning	\$ 186	\$ 28,148	\$ -	\$ 19,693	\$ 98,500	\$ 128,621
Receipts:						
Taxes	-	-	-	-	11,106	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	6,739	4,453	7,988	-	17,812
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	52	-	-
Total receipts	-	6,739	4,453	8,040	11,106	17,812
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	3,070	-	3,490	-	4,320
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	2,129	205	1,680
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	3,070	-	5,619	205	6,000
Excess (deficiency) of receipts over disbursements	-	3,669	4,453	2,421	10,901	11,812
Cash and investments - ending	\$ 186	\$ 31,817	\$ 4,453	\$ 22,114	\$ 109,401	\$ 140,433

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

	Clearing	Payroll	Perf	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Debt Reserve
Cash and investments - beginning	\$ 1,110	\$ 5,357	\$ -	\$ 2,415	\$ -	\$ 67,799
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	263,042	-	-
Other receipts	476,316	234,375	4,778	479	110,277	22,445
Total receipts	476,316	234,375	4,778	263,521	110,277	22,445
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	110,277	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	135,747	-	-
Other disbursements	475,286	234,014	4,778	115,886	-	-
Total disbursements	475,286	234,014	4,778	251,633	110,277	-
Excess (deficiency) of receipts over disbursements	1,030	361	-	11,888	-	22,445
Cash and investments - ending	\$ 2,140	\$ 5,718	\$ -	\$ 14,303	\$ -	\$ 90,244

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

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility- Depreciation/ Improve	Water Utility-Customer Deposit	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 42,878	\$ 20,114	\$ -	\$ 5,434	\$ 17,675	\$ 513,703
Receipts:						
Taxes	-	-	-	-	-	338,215
Licenses and permits	-	-	-	-	-	415
Intergovernmental	-	-	-	-	-	124,549
Charges for services	-	-	-	-	-	44,731
Fines and forfeits	-	-	-	-	-	25
Utility fees	189,592	-	-	-	-	452,634
Other receipts	31	82,293	-	1,915	26,578	969,477
Total receipts	189,623	82,293	-	1,915	26,578	1,930,046
Disbursements:						
Personal services	-	-	-	-	-	146,000
Supplies	-	-	-	-	-	13,113
Other services and charges	-	-	-	-	-	154,519
Debt service - principal and interest	-	82,684	-	-	-	192,961
Capital outlay	-	-	-	-	-	6,589
Utility operating expenses	101,808	-	-	3,399	-	240,954
Other disbursements	97,034	-	-	-	-	926,998
Total disbursements	198,842	82,684	-	3,399	-	1,681,134
Excess (deficiency) of receipts over disbursements	(9,219)	(391)	-	(1,484)	26,578	248,912
Cash and investments - ending	\$ 33,659	\$ 19,723	\$ -	\$ 3,950	\$ 44,253	\$ 762,615

TOWN OF MULBERRY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Parks And Recreation
Cash and investments - beginning	\$ 111,794	\$ 83,545	\$ 20,856	\$ 1,557	\$ 8,515	\$ 13,954
Receipts:						
Taxes	215,626	17,386	1,901	-	-	-
Licenses and permits	770	-	-	100	-	-
Intergovernmental	55,321	19,643	3,012	-	17,360	-
Charges for services	45,134	-	-	-	-	510
Fines and forfeits	3,270	-	-	50	-	-
Utility fees	-	-	-	-	-	-
Other receipts	8,610	10,663	-	-	-	336
Total receipts	<u>328,731</u>	<u>47,692</u>	<u>4,913</u>	<u>150</u>	<u>17,360</u>	<u>846</u>
Disbursements:						
Personal services	112,387	28,006	-	-	-	-
Supplies	3,756	11,123	-	-	462	-
Other services and charges	107,443	28,973	-	-	550	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,445	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,818	-	-	-	-	-
Total disbursements	<u>226,849</u>	<u>68,102</u>	<u>-</u>	<u>-</u>	<u>1,012</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>101,882</u>	<u>(20,410)</u>	<u>4,913</u>	<u>150</u>	<u>16,348</u>	<u>846</u>
Cash and investments - ending	<u>\$ 213,676</u>	<u>\$ 63,135</u>	<u>\$ 25,769</u>	<u>\$ 1,707</u>	<u>\$ 24,863</u>	<u>\$ 14,800</u>

TOWN OF MULBERRY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Rainy Day	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Cedit Capital Projects	Recycling	Loit-Public Safety
Cash and investments - beginning	\$ 31,817	\$ 22,114	\$ 109,401	\$ 140,433	\$ 186	\$ 4,453
Receipts:						
Taxes	-	-	5,612	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	3,983	-	14,723	-	5,905
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	21	-	-	-	-
Total receipts	-	4,004	5,612	14,723	-	5,905
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,148	5,769	313	6,424	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,792	-	535	-	3,500
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	1,148	7,561	313	6,959	-	3,500
Excess (deficiency) of receipts over disbursements	(1,148)	(3,557)	5,299	7,764	-	2,405
Cash and investments - ending	\$ 30,669	\$ 18,557	\$ 114,700	\$ 148,197	\$ 186	\$ 6,858

TOWN OF MULBERRY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Clearing	Payroll	Perf	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Debt Reserve
Cash and investments - beginning	\$ 2,140	\$ 5,718	\$ -	\$ 14,303	\$ -	\$ 90,244
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	254,347	-	-
Other receipts	463,543	231,222	4,436	9,633	87,790	77
Total receipts	463,543	231,222	4,436	263,980	87,790	77
Disbursements:						
Personal services	-	230,368	4,436	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	87,790	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	148,241	-	-
Other disbursements	463,859	-	-	87,790	-	291
Total disbursements	463,859	230,368	4,436	236,031	87,790	291
Excess (deficiency) of receipts over disbursements	(316)	854	-	27,949	-	(214)
Cash and investments - ending	\$ 1,824	\$ 6,572	\$ -	\$ 42,252	\$ -	\$ 90,030

TOWN OF MULBERRY  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For The Year Ended December 31, 2011  
(Continued)

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 33,659	\$ 19,723	\$ 3,950	\$ 44,253	\$ 762,615
Receipts:					
Taxes	-	-	-	-	240,525
Licenses and permits	-	-	-	-	870
Intergovernmental	-	-	-	-	119,947
Charges for services	-	-	-	-	45,644
Fines and forfeits	-	-	-	-	3,320
Utility fees	178,517	-	-	-	432,864
Other receipts	26,963	57,828	92	8,898	910,112
Total receipts	<u>205,480</u>	<u>57,828</u>	<u>92</u>	<u>8,898</u>	<u>1,753,282</u>
Disbursements:					
Personal services	-	-	-	-	375,197
Supplies	-	-	-	-	15,341
Other services and charges	-	-	-	-	150,620
Debt service - principal and interest	-	56,162	-	-	143,952
Capital outlay	-	-	-	-	7,272
Utility operating expenses	96,559	-	1,712	-	246,512
Other disbursements	96,307	-	-	-	650,065
Total disbursements	<u>192,866</u>	<u>56,162</u>	<u>1,712</u>	<u>-</u>	<u>1,588,959</u>
Excess (deficiency) of receipts over disbursements	<u>12,614</u>	<u>1,666</u>	<u>(1,620)</u>	<u>8,898</u>	<u>164,323</u>
Cash and investments - ending	<u>\$ 46,273</u>	<u>\$ 21,389</u>	<u>\$ 2,330</u>	<u>\$ 53,151</u>	<u>\$ 926,938</u>

TOWN OF MULBERRY  
SCHEDULE OF RECEIVABLES  
December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Receivable</u>
Wastewater	\$ 687
Water	<u>96</u>
Total	<u>\$ 783</u>

TOWN OF MULBERRY  
 SCHEDULE OF DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Revenue bonds	Sewage Improvements	\$ 566,713	\$ 88,515
Water:			
Revenue bonds	Water Improvemnets	445,000	51,335
Totals		<u>\$ 1,011,713</u>	<u>\$ 139,850</u>

TOWN OF MULBERRY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 9,166
Buildings	153,435
Total governmental activities	162,601
Wastewater:	
Land	16,852
Buildings	1,470,423
Total Wastewater	1,487,275
Water:	
Land	7,208
Buildings	190,913
Total Water	198,121
Total capital assets	\$ 1,847,997

TOWN OF MULBERRY  
EXAMINATION RESULTS AND COMMENTS

**CONDITION OF RECORDS**

The following deficiencies, relating to the recordkeeping were present during our period of audit:

1. Record balances did not include all funds of the Town. The Clearing Fund activity was not reflected in the Town's ledger. Also, an investment of the Water Utility was not reflected in the fund ledgers as well.

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)

2. There were two Auditor of State distributions and four local distributions posted to the wrong fund. Also, some state distributions were posted as "other receipts" instead of "intergovernmental receipts."

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)

**PENALTIES AND INTEREST CHARGES**

The following penalties and interest were incurred and paid during the examination period:

1. Penalties of \$285.93 and \$5 were paid to the Internal Revenue Service on December 13, 2011, and January 25, 2012, respectively, for 2011 due to underpayment of federal withholding taxes for the 2nd quarter and the 4th quarter.
2. Penalties of \$508.76 and interest of \$49.84 were paid to the Indiana Department of Revenue during 2010 for underpayment of Sales Tax during the months of January through April, July, and September.
3. The Utility's Receipts Tax for 2009 wasn't filed until October 5, 2010. Due to the late filing a penalty of \$218.77 and interest of \$55.73 was incurred and paid on May 18, 2011.

Officials and employees have the duty to remit taxes in a timely fashion. Failure to 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 or interest 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)

Paula Bennett, Clerk-Treasurer, was requested to reimburse the Town and the Utilities, \$1,124.03. Reimbursement was made in full on October 25, 2012. (See Summary of Charges, page 29)

TOWN OF MULBERRY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**STATE AGENCY – TIMELY PAYING OF TAXES**

The September 2010 State Sales Tax of \$833.51 due November 1, 2010, was not paid until December 22, 2010. Because it was not paid timely, on December 20, 2010 the Town received a "Proposed Assessment" of Tax Due of \$1,225.64 for September 2010. On January 27, 2011, the Clerk-Treasurer paid the \$1,225.64 for the proposed assessment. Since the actual sales tax and the "Proposed Assessment" for September 2010 were paid by the Clerk Treasurer, this resulted in an overpayment of \$1,225.64 by the Town.

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)

**COMPENSATION AND BENEFITS**

Glenn L. Wilson, Town Marshall, received \$2,351.77 and \$723.56 in payments for 2010 and 2011, respectively, which were more than the amount included in the salary ordinance for those periods.

All compensation and benefits paid to officials and employees must be included in the salary ordinance adopted by the legislative body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

On October 16, 2012, the Town Council retroactively amended the Salary Ordinances for 2010 and 2011 allowing the Town Marshall to receive the overtime compensation.

TOWN OF MULBERRY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2012, with Paula Bennett, Clerk-Treasurer, and Dave Jones, President of the Town Council. The official response has been made a part of this report and may be found on page 28.

# Town of Mulberry

128 South Glick Street  
P.O. Box 250  
Mulberry, Indiana 46058-0250  
Phone (765) 296-2455  
Fax (765) 296-9082

October 25, 2012

RE: Official response to the audit for 2010 and 2011

In regards to the water sales tax penalties and interest I do not recall receiving notice of online filing and did not receive vouchers for the water sales tax. Due to personal and family challenges in early 2010 I did not realize this until May 2010 and corrected as soon as I could request some vouchers. I made numerous attempts with the Department of Revenue to resolve the situation and received instructions from the Department which compounded the delay.

In regards to the underpayment of federal withholding taxes this was due to an error in my excel spreadsheet with the Social Security rate change. I complete payroll in house without the aid of software. This error was not discovered until W-2's were completed and a correction was made and submitted.

None of the circumstances surrounding these penalties and interest involve any malfeasance or personal gain and they are unlikely to reoccur. I have implemented a monthly procedure sheet in order not to miss any future payments. In fact I have throughout my tenure implemented several written reports and procedures which have increased the Council's awareness of the town's financial affairs. I frequently attend conferences and participate in webinars to increase my knowledge, efficiency and value to my community and to the Council.

Respectfully submitted,



Paula A Bennett  
Town of Mulberry  
Clerk-Treasurer

TOWN OF MULBERRY  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Paula Bennett, Clerk-Treasurer:			
Penalties and Interest Charges, page 25	\$ 1,124.03	\$	\$
Reimbursed by Paula Bennett on			
October 25, 2012, receipt numbers 5081			
and 5082	<u>                    </u>	<u>1,124.03</u>	<u>                    </u> -
Totals	<u>\$ 1,124.03</u>	<u>\$ 1,124.03</u>	<u>\$            </u> -