

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF UNIVERSAL

VERMILLION COUNTY, INDIANA

January 1, 2011 to December 31, 2012



**FILED**  
01/24/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Connie Conner	01-01-08 to 12-31-15
President of the Town Council	Helen Bennett Bonnie Turchi	01-01-11 to 12-31-11 01-01-12 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF UNIVERSAL, VERMILLION COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Universal (Town), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012, 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 statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

November 26, 2013

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## FINANCIAL STATEMENT

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

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TOWN OF UNIVERSAL  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 10,636	\$ 15,933	\$ 14,145	\$ 12,424	\$ 12,912	\$ 13,087	\$ 12,249
Mvh	18,265	13,056	13,604	17,717	12,407	2,300	27,824
Lrs	4,375	2,333	2,872	3,836	2,308	1,808	4,336
Law Enforcement Continuing Education	131	-	131	-	-	-	-
Donation	153	-	153	-	-	-	-
Water Operating	51,465	83,276	90,957	43,784	90,862	100,015	34,631
Water Guaranteed Acct	12,994	900	300	13,594	1,050	750	13,894
Cci	2,693	1,203	664	3,232	960	801	3,391
Principal And Interest	1,507	9,043	5,178	5,372	9,043	7,838	6,577
Debt Service Acct	17,119	13,515	6,053	24,581	13,420	5,473	32,528
Park	5,297	252	4,872	677	1,550	488	1,739
Totals	<u>\$ 124,635</u>	<u>\$ 139,511</u>	<u>\$ 138,929</u>	<u>\$ 125,217</u>	<u>\$ 144,512</u>	<u>\$ 132,560</u>	<u>\$ 137,169</u>

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

TOWN OF UNIVERSAL  
NOTES TO FINANCIAL STATEMENT

**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, culture and recreation, public improvements, planning and zoning, general administrative services, and water.

The accompanying financial statement presents the financial information for the Town.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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 statement. 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 UNIVERSAL  
NOTES TO FINANCIAL STATEMENT  
(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.

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 statement. 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.

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.

TOWN OF UNIVERSAL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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.

TOWN OF UNIVERSAL  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Restatements**

For the year ended December 31, 2011, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances.

Fund	Balance as of December 31, 2010	Prior Period Adjustment	Balance as of January 1, 2011
General	\$ 10,724	\$ (88)	\$ 10,636
Water Operating	50,774	691	51,465
Debt Service Acct	17,810	(691)	17,119
Park	5,228	69	5,297
Cci	2,578	115	2,693

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 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 Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement 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 UNIVERSAL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Mvh	Lrs	Enforcement Continuing Education	Donation	Water Operating
Cash and investments - beginning	\$ 10,636	\$ 18,265	\$ 4,375	\$ 131	\$ 153	\$ 51,465
Receipts:						
Taxes	7,951	-	-	-	-	-
Intergovernmental	4,358	13,056	2,333	-	-	-
Charges for services	615	-	-	-	-	83,276
Other receipts	3,009	-	-	-	-	-
Total receipts	<u>15,933</u>	<u>13,056</u>	<u>2,333</u>	<u>-</u>	<u>-</u>	<u>83,276</u>
Disbursements:						
Personal services	5,955	3,532	572	-	-	13,656
Supplies	681	171	-	-	-	24,803
Other services and charges	4,818	9,901	220	-	-	12,758
Debt service - principal and interest	-	-	-	-	-	22,293
Other disbursements	2,691	-	2,080	131	153	17,447
Total disbursements	<u>14,145</u>	<u>13,604</u>	<u>2,872</u>	<u>131</u>	<u>153</u>	<u>90,957</u>
Excess (deficiency) of receipts over disbursements	<u>1,788</u>	<u>(548)</u>	<u>(539)</u>	<u>(131)</u>	<u>(153)</u>	<u>(7,681)</u>
Cash and investments - ending	<u>\$ 12,424</u>	<u>\$ 17,717</u>	<u>\$ 3,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,784</u>

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

	Water Guaranteed Acct	Cci	Principal And Interest	Debt Service Acct	Park	Totals
Cash and investments - beginning	\$ 12,994	\$ 2,693	\$ 1,507	\$ 17,119	\$ 5,297	\$ 124,635
Receipts:						
Taxes	-	-	-	-	-	7,951
Intergovernmental	-	1,203	-	-	-	20,950
Charges for services	-	-	-	-	-	83,891
Other receipts	900	-	9,043	13,515	252	26,719
Total receipts	<u>900</u>	<u>1,203</u>	<u>9,043</u>	<u>13,515</u>	<u>252</u>	<u>139,511</u>
Disbursements:						
Personal services	-	420	-	-	-	24,135
Supplies	-	-	-	-	4,692	30,347
Other services and charges	-	244	-	-	90	28,031
Debt service - principal and interest	-	-	5,178	6,053	-	33,524
Other disbursements	300	-	-	-	90	22,892
Total disbursements	<u>300</u>	<u>664</u>	<u>5,178</u>	<u>6,053</u>	<u>4,872</u>	<u>138,929</u>
Excess (deficiency) of receipts over disbursements	<u>600</u>	<u>539</u>	<u>3,865</u>	<u>7,462</u>	<u>(4,620)</u>	<u>582</u>
Cash and investments - ending	<u>\$ 13,594</u>	<u>\$ 3,232</u>	<u>\$ 5,372</u>	<u>\$ 24,581</u>	<u>\$ 677</u>	<u>\$ 125,217</u>

TOWN OF UNIVERSAL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	General	Mvh	Lrs	Water Operating	Water Guaranteed Acct
Cash and investments - beginning	\$ 12,424	\$ 17,717	\$ 3,836	\$ 43,784	\$ 13,594
Receipts:					
Taxes	7,985	-	-	-	-
Licenses and permits	1,089	-	-	-	-
Intergovernmental	3,491	12,407	2,308	-	-
Charges for services	310	-	-	-	-
Other receipts	37	-	-	90,862	1,050
Total receipts	<u>12,912</u>	<u>12,407</u>	<u>2,308</u>	<u>90,862</u>	<u>1,050</u>
Disbursements:					
Personal services	2,591	739	-	15,880	-
Supplies	94	126	288	23,898	-
Other services and charges	8,481	1,435	1,520	24,159	-
Debt service - principal and interest	-	-	-	22,293	-
Other disbursements	1,921	-	-	13,785	750
Total disbursements	<u>13,087</u>	<u>2,300</u>	<u>1,808</u>	<u>100,015</u>	<u>750</u>
Excess (deficiency) of receipts over disbursements	<u>(175)</u>	<u>10,107</u>	<u>500</u>	<u>(9,153)</u>	<u>300</u>
Cash and investments - ending	<u>\$ 12,249</u>	<u>\$ 27,824</u>	<u>\$ 4,336</u>	<u>\$ 34,631</u>	<u>\$ 13,894</u>

TOWN OF UNIVERSAL  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Cci	Principal And Interest	Debt Service Acct	Park	Totals
Cash and investments - beginning	\$ 3,232	\$ 5,372	\$ 24,581	\$ 677	\$ 125,217
Receipts:					
Taxes	-	-	-	-	7,985
Licenses and permits	-	-	-	-	1,089
Intergovernmental	960	-	-	-	19,166
Charges for services	-	-	-	-	310
Other receipts	-	9,043	13,420	1,550	115,962
Total receipts	<u>960</u>	<u>9,043</u>	<u>13,420</u>	<u>1,550</u>	<u>144,512</u>
Disbursements:					
Personal services	420	-	-	-	19,630
Supplies	93	-	-	408	24,907
Other services and charges	288	-	-	80	35,963
Debt service - principal and interest	-	-	-	-	22,293
Other disbursements	-	7,838	5,473	-	29,767
Total disbursements	<u>801</u>	<u>7,838</u>	<u>5,473</u>	<u>488</u>	<u>132,560</u>
Excess (deficiency) of receipts over disbursements	<u>159</u>	<u>1,205</u>	<u>7,947</u>	<u>1,062</u>	<u>11,952</u>
Cash and investments - ending	<u>\$ 3,391</u>	<u>\$ 6,577</u>	<u>\$ 32,528</u>	<u>\$ 1,739</u>	<u>\$ 137,169</u>

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TOWN OF UNIVERSAL  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	SRF Loan	\$ 107,856	\$ 3,715
Totals		<u>\$ 107,856</u>	<u>\$ 3,715</u>

TOWN OF UNIVERSAL  
EXAMINATION RESULTS AND COMMENTS

***CONDITION OF RECORDS (Applies to Town and Water Utility)***

Financial records presented for examination were incomplete and not reflective of the activity of all funds. The deficiencies included:

1. Posting errors
2. Not posting timely. For example, some utility bills were deposited in one month, but were posted several days after.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***PENALTIES, INTEREST, AND OTHER CHARGES (Applies to Town and Water Utility)***

The Town paid penalties and interest to the Internal Revenue Service in the amount of \$73.88 in 2011 and \$74.57 in 2012 because the Town did not remit payments on a timely basis.

The Town paid penalties and interest to the Indiana Department of Revenue in the amount of \$71.72 in 2011 because of late payment for sales tax payments.

The Town paid bank service charges to Old National Bank on a monthly basis for the Water account and to First Financial Bank for the Fish and Recreation account.

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)

TOWN OF UNIVERSAL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***APPROPRIATIONS (Applies to Town)***

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
General	2011	\$ 2,016
General	2012	87

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

***BANK ACCOUNT RECONCILIATIONS (Applies to Town and Water Utility)***

Depository reconciliations of the fund balances to the bank account balances were not presented for the examination period. The combined bank balance was \$864.07 more than the combined book balance at December 31, 2012.

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."

TOWN OF UNIVERSAL  
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2013, with Connie Conner, Clerk-Treasurer, and Bonnie Turchi, President of the Town Council. The officials concurred with our findings.