

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

TOWN OF AMBOY

MIAMI COUNTY, INDIANA

January 1, 2002 to December 31, 2003



**FILED**  
09/12/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lucille Bowland (Nettleton) Lou Ann Sharp	01-01-02 to 09-26-03 09-27-03 to 12-31-07
President of the Town Council	Jack Hunt	01-01-02 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF AMBOY, MIAMI COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Amboy (Town), for the period of January 1, 2002 to December 31, 2003. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2002 and 2003, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 26, 2006

TOWN OF AMBOY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2002 And 2003

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 8,459	\$ 54,517	\$ 49,511	\$ 13,465
Motor Vehicle Highway	41,616	9,798	1,509	49,905
Local Road and Street	16,238	2,128	-	18,366
Criminal Justice	11	-	-	11
Law Enforcement Continuing Education	1,236	-	26	1,210
Build	12,553	-	9,294	3,259
County Economic Development Income Tax	5,514	3,296	377	8,433
Cumulative Capital Improvement	8,366	1,857	-	10,223
Amboy Festival Fund	-	188	80	108
Totals	<u>\$ 93,993</u>	<u>\$ 71,784</u>	<u>\$ 60,797</u>	<u>\$ 104,980</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 13,465	\$ 48,685	\$ 54,139	\$ 8,011
Motor Vehicle Highway	49,905	10,779	1,644	59,040
Local Road and Street	18,366	2,104	7,245	13,225
Criminal Justice	11	-	-	11
Law Enforcement Continuing Education	1,210	-	439	771
Build	3,259	-	2,626	633
County Economic Development Income Tax	8,433	-	170	8,263
Cumulative Capital Improvement	10,223	1,301	-	11,524
Amboy Festival Fund	108	-	41	67
Totals	<u>\$ 104,980</u>	<u>\$ 62,869</u>	<u>\$ 66,304</u>	<u>\$ 101,545</u>

The accompanying notes are an integral part of the schedules.

TOWN OF AMBOY  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event

In 2005, the Town secured funding for construction of a wastewater collection system. USDA – Rural Development has granted the Town \$1,180,000 and agreed to a low interest loan of \$1,219,000. The Indiana Department of Commerce has also granted the Town a Community Development Block Grant/State's Program in the amount of \$500,000. Construction was completed March of 2006.

TOWN OF AMBOY  
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping, that were cited in the prior Audit Report B18934, again present during our period of audit:

- (1) Record balances were not reconciled to depository balances during the two year period.

Indiana Code 5-13-6-1(e) states in part: "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."

- (2) There were a considerable number of posting errors. These errors included checks and deposits not recorded or not recorded in the proper amounts, bank charges not posted and deposits posted twice.

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)

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. A similar comment was noted in prior Audit Report B18934.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

OFFICIAL BOND

The following official bonds were not filed in the office of the County Recorder:

Lucille Nettleton, Clerk-Treasurer of the Town of Amboy	01-01-02 to 01-01-03 01-01-03 to 01-01-04
Lou Ann Sharp, Clerk-Treasurer of the Town of Amboy	09-27-05 to 09-27-06

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 . . ."

CAPITAL ASSET RECORDS

The Town does not maintain a record of capital assets, a similar comment was noted in prior Audit Report B18934.

TOWN OF AMBOY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT ISSUANCE

Receipts (City and Town Form 217 Clerk-Treasurer's Receipt) were not issued during the period of the examination.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
Law Enforcement Continuing Education	2003	\$ 189

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."

FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS

Federal forms W-2 for the year 2002 contained errors. These errors included two employees' gross wages being under reported by \$40 and \$80. Social Security, medicare, federal, state and local withholdings were incorrect on all six W-2's. The amount of the errors on individual W-2's ranged from a \$5.16 under reporting of withholdings to a \$69.70 over reporting.

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)

TOWN OF AMBOY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indian 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)

SALARY ORDINANCE

The Town Council did not formally adopt a salary ordinance or schedule for the years covered by this examination. A similar comment was noted in prior Audit Report B18934.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing 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)

ANNUAL REPORT

Annual reports for 2002 and 2003 were not presented for audit. This same comment was made in prior Audit Report B18934 for the years 2000 and 2001.

Indiana Code 5-3-1-3 (a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town.

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

General Form 99 – Payroll Schedule and Voucher  
General Form 99B – Employee's Earnings Record  
City and Town Form 206 – Clerk-Treasurer's Monthly Financial,  
Depository Statement and Cash Reconciliation  
City and Town Form 211 – Capital Asset Record  
City and Town Form 217 – Clerk-Treasurer's Receipt

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)

TOWN OF AMBOY  
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2006, with Lou Ann Sharp, Clerk-Treasurer.