

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

EXAMINATION REPORT

OF

TOWN OF BRYANT

JAY COUNTY, INDIANA

January 1, 2004 to December 31, 2005



FILED

09/27/2006

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Lisa L. Elzey

01-01-04 to 12-31-07

President of the Town Council

Terry Billington

01-01-04 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 BRYANT, JAY COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Bryant (Town), for the period of January 1, 2004 to December 31, 2005. 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, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

August 16, 2006

TOWN OF BRYANT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ (2,056)	\$ 21,107	\$ 20,328	\$ (1,277)
Motor Vehicle Highway	13,334	20,858	22,537	11,655
Local Road and Street	8,645	1,359	7,191	2,813
Park and Recreation	4,691	1,443	4,448	1,686
Cumulative Capital Improvement	5,683	1,153	4,000	2,836
Levy Excess	354	-	354	-
Proprietary Funds:				
Wastewater Utility - Operating	38,375	34,367	52,610	20,132
Wastewater Utility - Bond and Interest	5,450	8,700	10,300	3,850
Wastewater Utility - Depreciation	8,100	900	-	9,000
Wastewater Utility - Debt Reserve	8,100	900	-	9,000
Trash Utility - Operating	(1,507)	10,118	9,774	(1,163)
Totals	<u>\$ 89,169</u>	<u>\$ 100,905</u>	<u>\$ 131,542</u>	<u>\$ 58,532</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (1,277)	\$ 26,918	\$ 25,810	\$ (169)
Motor Vehicle Highway	11,655	14,169	22,465	3,359
Local Road and Street	2,813	1,345	3,178	980
Park and Recreation	1,686	1,894	900	2,680
Cumulative Capital Improvement	2,836	977	3,728	85
Rainy Day	-	8,363	-	8,363
Proprietary Funds:				
Wastewater Utility - Operating	20,132	52,992	65,211	7,913
Wastewater Utility - Bond and Interest	3,850	-	8,150	(4,300)
Wastewater Utility - Depreciation	9,000	-	-	9,000
Wastewater Utility - Debt Reserve	9,000	-	-	9,000
Trash Utility - Operating	(1,163)	10,005	10,444	(1,602)
Totals	<u>\$ 58,532</u>	<u>\$ 116,663</u>	<u>\$ 139,886</u>	<u>\$ 35,309</u>

The accompanying notes are an integral part of the schedules.

TOWN OF BRYANT
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 (fire protection), highways and streets, health services, culture and recreation, public improvements, general administrative services, wastewater and trash collection.

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. Long-Term Debt

The Town has issued revenue bonds for Wastewater Treatment Plant improvements. The outstanding principal at December 31, 2005, was \$122,000.

TOWN OF BRYANT
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

As stated in prior Audit Report B25073, depository reconciliations of the fund balances to the bank account balances were prepared for each month but were incorrect.

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."

OVERDRAWN FUND BALANCES

The General Fund and Trash Operating Fund were overdrawn in 2004 and 2005. The Wastewater Utility Bond and Interest Fund was overdrawn in 2005.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAFT CHARGES

The Town paid \$84 during 2004 and \$1,320 during 2005 for overdrawing two of its checking accounts. A similar comment appeared in prior Audit Report B25073.

The Clerk-Treasurer is requested to repay \$1,140 of these charges incurred subsequent to the prior exit conference date of March 25, 2005. (See Summary, page 11)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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)

DEPOSITS

As stated in prior Audit Report B25073, it often took over a week for collections to be deposited into the Town's bank accounts.

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."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Some officials or employees of the Town had money due from the Town, but a list of such employees was not certified to the County Treasurer.

TOWN OF BRYANT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 6-1.1-22-14(a) states, in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS

Gross revenues were not transferred to the Wastewater Utility Bond and Interest Fund in accordance with Revenue Bond Ordinance 1992-2. During 2005, no transfers were made to the Wastewater Utility Bond and Interest Fund as required, which resulted in a negative fund balance at December 31, 2005.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

MILEAGE REIMBURSEMENT

The Clerk-Treasurer was reimbursed for mileage without filing Mileage Claim, General Form 101.

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)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder, nor were they certified to the County Auditor which would result in a lien against the property of the Clerk-Treasurer. The unpaid balance of the Clerk-Treasurer's account, at December 31, 2005, was \$416.64. The last payment made on this account was December 31, 2004. The monthly charge on this account is \$29.60 leaving the account over 14 months in arrears. No payments have been posted through July 25, 2006.

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

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

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

TOWN OF BRYANT
EXAMINATION RESULTS AND COMMENTS
(Continued)

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

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

ADVANCE PAYMENTS

The Clerk-Treasurer was paid on October 14, 2005, for her 4th quarter salary. All other officials and employees were paid in December.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

Council members were paid an hourly rate for snow removal, mowing and other various jobs which was not included as wages for Social Security and Medicare calculations. No amount was withheld and the Town did not remit the corresponding amount.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS - PAYROLL

The Town did not comply with directives of the Internal Revenue Service by remitting withholdings timely and completing form 941 Employer's Quarterly Federal Tax Return. Also, several of the form W-2 Wage and Tax Statements completed were incorrect.

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS - REPORTS

The Town did not file with the State Board of Accounts the Annual City and Town Financial Report (CTAR-1) or its annual list of employees (Form 100-R) for 2004 and 2005. A similar comment appeared in prior Audit Report B25073.

TOWN OF BRYANT
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

POSTING ERRORS

There were many posting errors, included a disbursement without a corresponding check, collections deposited into the wrong bank account, bank charges posted as negative receipts, receipts misclassified and checks group-posted. A similar comment appeared in prior Audit Report B25073.

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:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General	2004	\$ 2,712
Motor Vehicle Highway	2004	543
Local Road and Street	2004	809
Park and Recreation	2004	1,002

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."

CAPITAL ASSET RECORDS

The Town does not maintain capital asset records.

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 form. 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)

TOWN OF BRYANT
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2006, with Lisa L. Elzey, Clerk-Treasurer; and Terry Billington, President of the Town Council.

TOWN OF BRYANT
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Lisa L. Elzey, Clerk-Treasurer: Overdraft Charges, page 6	<u>\$ 1,140</u>	<u>\$ -</u>	<u>\$ 1,140</u>

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