

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

EXAMINATION REPORT
OF
TOWN OF PLAINVILLE
DAVISS COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
12/27/2006

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Angelia Shake	01-01-04 to 12-31-07
President of the Town Council	Lee Coffman	01-01-04 to 12-31-06
Superintendent of Wastewater Utility	Marcus L. Bryant Edward Smith	01-01-04 to 05-31-06 06-01-06 to 12-31-06



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF PLAINVILLE, DAVIESS COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Plainville, 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

October 25, 2006

TOWN OF PLAINVILLE
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	\$ 26,582	\$ 99,334	\$ 57,444	\$ 68,472
Motor Vehicle Highway	21,631	27,114	24,755	23,990
Local Road and Street	8,784	2,466	7,914	3,336
Park and Recreation	67,004	3,477	13,149	57,332
Fire	21,408	11,227	18,106	14,529
Cumulative Capital Improvement	9,531	-	-	9,531
Cumulative Capital Development	22,412	4,237	9,450	17,199
Proprietary Funds:				
Wastewater Utility - Operating	13,793	95,229	100,516	8,506
Wastewater Utility - Reserve	25,959	-	-	25,959
Wastewater Utility - Bond and Interest	17,344	81	-	17,425
Totals	<u>\$ 234,448</u>	<u>\$ 243,165</u>	<u>\$ 231,334</u>	<u>\$ 246,279</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 68,472	\$ 76,762	\$ 70,696	\$ 74,538
Motor Vehicle Highway	23,990	21,478	24,180	21,288
Local Road and Street	3,336	2,556	5,115	777
Park and Recreation	57,332	16,373	11,980	61,725
Fire	14,529	24,248	20,208	18,569
Cumulative Capital Improvement	9,531	-	1,800	7,731
Cumulative Capital Development	17,199	3,197	-	20,396
Proprietary Funds:				
Wastewater Utility - Operating	8,506	131,008	129,759	9,755
Wastewater Utility - Reserve	25,959	-	-	25,959
Wastewater Utility - Bond and Interest	17,425	75	10,000	7,500
Totals	<u>\$ 246,279</u>	<u>\$ 275,697</u>	<u>\$ 273,738</u>	<u>\$ 248,238</u>

The accompanying notes are an integral part of the schedules.

TOWN OF PLAINVILLE
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. Long-Term Debt

The Town has entered into debt such as a loan for wastewater improvements. The outstanding principal at December 31, 2005, was \$136,103.

TOWN OF PLAINVILLE
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town and the Wastewater Utility do not maintain sufficient detailed records of capital assets. Upon purchase, the costs of the capital assets are added to an aggregate Capital Asset account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the capital assets are not available, and records classifying and summarizing the Towns capital assets are incomplete. Deletions or disposals of capital assets are not recorded.

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)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

- (1) Record balances were not reconciled to depository balances.

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 deposits not receipted, checks and receipts not recorded in the proper amounts, interest not posted, and nonsufficient funds checks incorrectly posted.

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 Townships, Chapter 7)

CORRECTION OF ERRORS

Some corrections and adjustments were made in the records without retaining recommended audit trails.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWN OF PLAINVILLE
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2006, with Angelia Shake, Clerk-Treasurer. The official concurred with our findings.