

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

EXAMINATION REPORT  
OF  
TOWN OF MACKEY  
GIBSON COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
12/29/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carl VanMatre	01-01-04 to 12-31-07
President of the Town Council	James Vickers	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 MACKEY, GIBSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Mackey (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information 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

November 16, 2006

TOWN OF MACKEY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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	\$ 7,726	\$ 22,529	\$ 13,134	\$ 17,121
Motor Vehicle Highway	4,603	6,419	-	11,022
Local Road and Street	1,424	629	1,125	928
Cumulative Capital Improvement	1,488	530	-	2,018
Totals	<u>\$ 15,241</u>	<u>\$ 30,107</u>	<u>\$ 14,259</u>	<u>\$ 31,089</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 17,121	\$ 14,437	\$ 17,176	\$ 14,382
Motor Vehicle Highway	11,022	5,477	10,000	6,499
Local Road and Street	928	726	-	1,654
Cumulative Capital Improvement	2,018	439	-	2,457
Totals	<u>\$ 31,089</u>	<u>\$ 21,079</u>	<u>\$ 27,176</u>	<u>\$ 24,992</u>

The accompanying notes are an integral part of the schedules.

TOWN OF MACKEY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: highways and streets 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.

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.

TOWN OF MACKEY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The official bond for the Clerk-Treasurer was not filed in the Office of the County Recorder for the audit period.

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. . . ."

BANK ACCOUNT RECONCILIATIONS

As stated in the prior report, depository reconciliations of the fund balances to the bank account balances were not presented for audit or 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."

ANNUAL REPORTS

Annual reports for 2004 and 2005 were not presented for audit. A similar comment was contained in the prior report.

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 . . ."

DEPOSITS

As stated in the prior report, in numerous instances, receipts were deposited later than the next business day. Sometimes months elapsed between receipt of the funds and subsequent deposit into the bank account.

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."

RECEIPT ISSUANCE

As stated in the prior report, in some instances, receipts were not issued or recorded. Receipts were not issued for any interest earned. Receipts were not usually issued at the time the checks were received.

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)

TOWN OF MACKEY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PAYROLL DEDUCTIONS

Payments were made to the Clerk-Treasurer without payroll deductions for taxes.

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)

OVERPAYMENT COLLECTION

Overpayment of \$180 was made to Carl VanMatre, Clerk-Treasurer for salaries in 2004. Repayment was made on November 17, 2006.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

1. Claims were not prepared for all disbursements.
2. Claims were not adequately itemized.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF MACKEY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

EXCESSIVE OR UNREASONABLE COSTS

The Town of Mackey paid \$480.43 in 2004 and \$467.20 in 2005 for sales tax to the Indiana Department of Revenue. The Town failed to return sales tax vouchers showing a \$0 liability so the Department of Revenue assessed a minimum amount due of \$375 for each year plus penalties and interest of \$105.43 in 2004 and \$92.20 in 2005. The Town paid two payments of \$414.73 and \$474.25 in 2002, including \$201.48 in penalties and interest which have never been claimed for refund. These four disbursements total \$1,836.61 in unnecessary disbursements. The Town has subsequently failed to file so the liability is growing to approximately \$7,500 for each period of 2004 and 2005 which have not been paid according to the Department of Revenue. According to a Department of Revenue representative, the Town can claim a refund of the funds paid by filing the appropriate returns and using form GA-110L obtainable from their website at [www.in.gov/dor](http://www.in.gov/dor).

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPORTING DOCUMENTATION

Claims were paid for internet service to two providers. One undocumented claim, dated March 16, 2004, was for \$250 and another, dated February 21, 2005, was for \$399. The Clerk-Treasurer was unable to explain the purpose of these payments or the relationship of these payments to other monthly fees paid to internet providers. As the Town has no building or office space, any internet service purchased was provided to the residence of the Clerk-Treasurer.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation 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 MACKEY  
EXIT CONFERENCE

The contents of this report were discussed on November 16, 2006, with Carl VanMatre, Clerk-Treasurer. The official concurred with our findings.