

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

EXAMINATION REPORT

OF

TOWN OF CONVERSE

MIAMI COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

03/30/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances	4
Notes to Financial Information.....	5-6
Supplementary Information:	
Schedule of Capital Assets.....	7
Schedule of Long-Term Debt.....	8
Examination Results and Comments:	
Capital Asset Records	9
Official Bond	9
Exit Conference.....	10

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Mooneyhan	01-01-04 to 12-31-07
President of the Town Council	Joseph Lenon	01-01-05 to 12-31-07
Superintendent of Utilities	Ed Asher	01-01-05 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Converse (Town), for the period of January 1, 2005 to December 31, 2006. 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, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 8, 2007

TOWN OF CONVERSE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 771	\$ 488,363	\$ 336,846	\$ 152,288
Motor Vehicle Highway	77,768	143,746	115,055	106,459
Local Road and Street	36,796	6,441	19,535	23,702
Aviation	125,988	55,509	15,576	165,921
Law Enforcement Continuing Education	1,461	245	504	1,202
Law Enforcement Grant	57	-	-	57
Park and Recreation	62,493	59,223	43,177	78,539
Cumulative Capital Improvement	9,383	3,515	-	12,898
Redevelopment	17,871	55,166	15,406	57,631
County Economic Development Income Tax	62,907	21,293	10,408	73,792
Park Donation I	5	-	-	5
Park Donation II	9,231	5,092	8,291	6,032
Festival	255	-	-	255
Riverboat	8,627	12,902	13,000	8,529
Converse Junction Trail	-	26,568	-	26,568
Trash	3,723	50,434	44,373	9,784
Levy Excess	-	104,616	46,702	57,914
Proprietary Funds:				
Water Utility - Operating	22,893	274,789	236,318	61,364
Water Utility - Customer Deposit	12,911	3,331	1,388	14,854
Water Utility - Depreciation	52,522	12,000	20,617	43,905
Water Utility - Bond Reserve	51,375	-	-	51,375
Water Utility - Cash Reserve	29,000	1,000	-	30,000
Water Utility - Bond & Interest	6	52,980	52,975	11
Wastewater Utility - Operating	136,146	661,413	417,999	379,560
Wastewater Utility - Bond and Interest	18,491	141,000	141,800	17,691
Wastewater Utility - Improvement	30,164	11,000	671	40,493
Wastewater Utility - Reserve	49,704	95,251	-	144,955
Fiduciary Fund:				
Payroll	12,635	234,929	244,768	2,796
Totals	\$ 833,183	\$ 2,520,806	\$ 1,785,409	\$ 1,568,580

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 152,288	\$ 401,632	\$ 278,820	\$ 275,100
Motor Vehicle Highway	106,459	148,897	95,975	159,381
Local Road and Street	23,702	6,461	20,000	10,163
Aviation	165,921	68,611	17,083	217,449
Law Enforcement Continuing Education	1,202	397	236	1,363
Law Enforcement Grant	57	-	-	57
Park and Recreation	78,539	36,593	40,677	74,455
Cumulative Capital Improvement	12,898	4,062	5,000	11,960
Redevelopment	57,631	121,855	18,849	160,637
County Economic Development Income Tax	73,792	19,713	4,986	88,519
Park Donation I	5	-	-	5
Park Donation II	6,032	5,000	-	11,032
Festival	255	-	-	255
Riverboat	8,529	7,155	6,580	9,104
Converse Junction Trail	26,568	-	3,541	23,027
Trash	9,784	54,891	45,666	19,009
Levy Excess	57,914	6,765	57,915	6,764
Proprietary Funds:				
Water Utility - Operating	61,364	266,686	252,391	75,659
Water Utility - Customer Deposit	14,854	3,280	1,352	16,782
Water Utility - Depreciation	43,905	12,000	23,177	32,728
Water Utility - Bond Reserve	51,375	-	51,375	-
Water Utility - Cash Reserve	30,000	-	-	30,000
Water Utility - Bond & Interest	11	54,113	54,125	(1)
Wastewater Utility - Operating	379,560	389,696	345,262	423,994
Wastewater Utility - Bond and Interest	17,691	141,046	-	158,737
Wastewater Utility - Improvement	40,493	12,000	2,072	50,421
Wastewater Utility - Reserve	144,955	-	141,046	3,909
Fiduciary Fund:				
Payroll	2,796	249,623	248,765	3,654
Totals	\$ 1,568,580	\$ 2,010,476	\$ 1,714,893	\$ 1,864,163

The accompanying notes are an integral part of the schedules.

TOWN OF CONVERSE
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: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water and wastewater.

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 CONVERSE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF CONVERSE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 1,425
Buildings	17,027
Improvements other than buildings	1,283,040
Machinery and equipment	<u>55,567</u>
Total Water Utility capital assets	<u>1,357,059</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	13,153
Buildings	442,832
Improvements other than buildings	3,721,804
Machinery and equipment	<u>127,953</u>
Total Wastewater Utility capital assets	<u>4,305,742</u>
Total business-type activities capital assets	<u>\$ 5,662,801</u>

TOWN OF CONVERSE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Wastewater Utility Loans:		
Construction and improvement of Wastewater Treatment Plant	1,745,000	-
Total business-type activities long-term debt:	<u>\$ 1,745,000</u>	<u>\$ -</u>

TOWN OF CONVERSE
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town does not maintain sufficient detailed record of capital assets. A similar comment was noted in prior Reports B22514 and B25991.

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)

OFFICIAL BOND

The following official was not bonded for the year 2006:

Donna Mooneyhan, Clerk-Treasurer

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. . . ."

TOWN OF CONVERSE
EXIT CONFERENCE

The contents of this report were discussed on March 8, 2007, with Donna Mooneyhan, Clerk-Treasurer; and Joseph Lenon, President of the Town Council. The officials concurred with our findings.