

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

EXAMINATION REPORT  
OF  
TOWN OF CLERMONT  
MARION COUNTY, INDIANA  
January 1, 2005 to December 31, 2006



**FILED**  
06/19/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	E. Charles Horner Kathy Arauco	01-01-04 to 01-18-06 02-16-06 to 12-31-07
President of the Town Council	Heather Barrett Robert Hinshaw	01-01-05 to 12-31-06 01-01-07 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CLERMONT, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Clermont (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.

STATE BOARD OF ACCOUNTS

May 22, 2007

TOWN OF CLERMONT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL 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	\$ 179,403	\$ 359,096	\$ 331,396	\$ 207,103
Motor Vehicle Highway	13,372	48,194	49,141	12,425
Local Road and Street	26,079	24,429	23,397	27,111
Park and Recreation	-	6,724	4,832	1,892
Law Enforcement Continuing Education	4,173	1,735	2,459	3,449
Police Block Grant	193	-	-	193
Rainy Day	6,198	-	-	6,198
Donation	2,740	2,459	1,911	3,288
Gambling Revenue	9,351	-	-	9,351
Old Fashion Days	-	2,530	647	1,883
Fiduciary Fund:				
Payroll	-	22,583	21,203	1,380
Totals	<u>\$ 241,509</u>	<u>\$ 467,750</u>	<u>\$ 434,986</u>	<u>\$ 274,273</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 207,103	\$ 282,974	\$ 313,167	\$ 176,910
Motor Vehicle Highway	12,425	57,385	13,553	56,257
Local Road and Street	27,111	24,234	16,195	35,150
Park and Recreation	1,892	5,926	5,647	2,171
Law Enforcement Continuing Education	3,449	2,306	1,363	4,392
Police Block Grant	193	-	-	193
Rainy Day	6,198	-	-	6,198
Donation	3,288	2,137	2,589	2,836
Gambling Revenue	9,351	-	-	9,351
Old Fashion Days	1,883	-	1,383	500
Fiduciary Fund:				
Payroll	1,380	21,286	20,624	2,042
Totals	<u>\$ 274,273</u>	<u>\$ 396,248</u>	<u>\$ 374,521</u>	<u>\$ 296,000</u>

The accompanying notes are an integral part of the schedules.

TOWN OF CLERMONT  
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, 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.

TOWN OF CLERMONT  
EXAMINATION RESULTS AND COMMENTS

BOARD MINUTES

The minutes from the January and February 2006 Town Council meetings were not presented for examination.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes take, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an inventory or record of capital assets was prepared. A similar comment appeared in prior Reports B12616, B22677, and B25449.

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)

PUBLIC RECORDS RETENTION

The 2005 bank statements, including cancelled checks, were not presented for examination. Additionally, some contracts for road and sidewalk repair to support disbursements made for these items were not presented for examination.

Indiana Code 55-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, 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 CLERMONT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

A list of employees was not certified to the County Treasurer. A similar comment appeared in prior Report B25449.

Indiana Code 56-1.1-22-14(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."

CERTIFIED REPORT NOT FILED

The Town did not file a Certified Report of Compensation of Officers and Employees (Form 100-R or its equivalent) with the State Board of Accounts for the years 2005 or 2006. A similar comment appeared in prior Report B25449.

Indiana Code 55-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

CASH DISBURSEMENTS

Disbursements were not always made by check. For example, cash donations collected by the Town were used to purchase flowers for the Town's planters. The donations were used for the purpose intended; however, some of the money was not accounted for in the Town's records.

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CLERMONT  
EXIT CONFERENCE

The contents of this report were discussed on May 22, 2007, with Kathy Arauco, Clerk-Treasurer; and Robert Hinshaw, President of the Town Council. The officials concurred with our findings.