

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, 2007 to December 31, 2008



FILED
10/29/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Mooneyhan Deborah K. Roop	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Joseph Lenon	01-01-07 to 12-31-09
Superintendent of Utilities	Ed Asher	01-01-07 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2007 to December 31, 2008. 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, 2007 and 2008, 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 required parts 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

September 28, 2009

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, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 275,150	\$ 149,226	\$ 258,920	\$ 165,456
Motor Vehicle Highway	159,381	75,587	122,071	112,897
Local Road and Street	10,163	5,687	12,976	2,874
Aviation	217,449	47,236	18,178	246,507
Law Enforcement Continuing Education	1,363	946	641	1,668
Law Enforcement Grant	57	-	-	57
Park and Recreation	74,455	22,556	27,709	69,302
Cumulative Capital Improvement	11,960	3,994	-	15,954
Redevelopment	160,637	3,012	73,654	89,995
County Economic Development Income Tax	88,519	17,050	17,483	88,086
Park Donation I	5	-	-	5
Park Donation II	11,032	5,000	-	16,032
Festival	255	-	-	255
Riverboat	9,104	7,170	1,370	14,904
Converse Junction Trail	23,027	-	-	23,027
Trash	19,009	55,812	47,364	27,457
Levy Excess	6,764	-	-	6,764
Rainy Day	-	4,210	-	4,210
Proprietary Funds:				
Water Utility - Operating	75,659	295,474	240,412	130,721
Water Utility - Customer Deposit	16,782	2,320	1,432	17,670
Water Utility - Depreciation	32,728	12,000	7,826	36,902
Water Utility - Cash Reserve	30,000	-	-	30,000
Wastewater Utility - Operating	423,994	398,676	334,990	487,680
Wastewater Utility - Bond and Interest	17,691	144,000	141,310	20,381
Wastewater Utility - Improvement	50,421	12,000	308	62,113
Wastewater Utility - Reserve	144,955	-	-	144,955
Fiduciary Fund:				
Payroll	3,654	264,415	263,988	4,081
Totals	<u>\$ 1,864,214</u>	<u>\$ 1,526,371</u>	<u>\$ 1,570,632</u>	<u>\$ 1,819,953</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 165,456	\$ 342,187	\$ 267,846	\$ 239,797
Motor Vehicle Highway	112,897	154,344	115,172	152,069
Local Road and Street	2,874	5,304	6,164	2,014
Aviation	246,507	47,178	16,464	277,221
Law Enforcement Continuing Education	1,668	1,596	344	2,920
Law Enforcement Grant	57	-	-	57
Park and Recreation	69,302	88,339	31,714	125,927
Cumulative Capital Improvement	15,954	3,697	-	19,651
Redevelopment	89,995	186,540	55,475	221,060
County Economic Development Income Tax	88,086	20,876	21,204	87,758
Park Donation I	5	-	-	5
Park Donation II	16,032	5,099	-	21,131
Festival	255	-	248	7
Riverboat	14,904	1,429	-	16,333
Converse Junction Trail	23,027	-	-	23,027
Trash	27,457	47,707	40,565	34,599
Levy Excess	6,764	-	-	6,764
Rainy Day	4,210	1,559	-	5,769
Proprietary Funds:				
Water Utility - Operating	130,721	248,393	327,308	51,806
Water Utility - Customer Deposit	17,670	2,000	1,876	17,794
Water Utility - Depreciation	36,902	12,000	7,485	41,417
Water Utility - Cash Reserve	30,000	-	-	30,000
Wastewater Utility - Operating	487,680	392,328	389,146	490,862
Wastewater Utility - Bond and Interest	20,381	144,000	141,460	22,921
Wastewater Utility - Improvement	62,113	12,000	8,685	65,428
Wastewater Utility - Reserve	144,955	12,001	-	156,956
Fiduciary Fund:				
Payroll	4,081	262,330	263,856	2,555
Totals	<u>\$ 1,819,953</u>	<u>\$ 1,990,907</u>	<u>\$ 1,695,012</u>	<u>\$ 2,115,848</u>

The accompanying notes are an integral part of the financial information.

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, health and social services, culture and recreation, water, wastewater collection and treatment 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).

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.

Note 7. Subsequent Event

The Town and its Water Utility have substantially completed a water tower and water line project during 2009. The total cost of this project was approximately \$1.2 million. The project was funded by a state revolving fund (SRF) loan of \$695,000, a \$500,000 federal grant administered through the Indiana Office of Rural and Community Affairs (OCRA) and a \$25,000 grant through the SRF fund.

The Town of Converse established a separate Storm Water Utility during 2009. Bills of \$2.00 per month were sent out to approximately 575 customers on July 1, 2009.

TOWN OF CONVERSE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

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>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 261,800
Buildings	1,084,084
Improvements other than buildings	1,410,465
Machinery and equipment	<u>1,631,048</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>4,387,397</u>
 Business-type activities:	
Water Utility:	
Capital assets:	
Land	\$ 1,425
Buildings	126,324
Improvements other than buildings	1,283,040
Machinery and equipment	<u>79,820</u>
 Total Water Utility capital assets	 <u>1,490,609</u>
 Wastewater Utility:	
Capital assets:	
Land	13,153
Buildings	451,517
Improvements other than buildings	3,721,804
Machinery and equipment	<u>154,440</u>
 Total Wastewater Utility capital assets	 <u>4,340,914</u>
 Total business-type activities capital assets	 \$ <u>5,831,523</u>

TOWN OF CONVERSE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Loans:		
Wastewater Treatment Plant Upgrade	\$ 1,592,000	\$ 141,496

TOWN OF CONVERSE
EXAMINATION RESULT AND COMMENT

PUBLIC WORKS PROJECT

During 2007, the Town of Converse started paying Campbell Cruze, Inc. (CCI) for a streetscape/lighting project along Jefferson Street. The total amount paid to CCI was \$67,712. There was no evidence presented for examination to indicate that sealed bids were requested or received.

IC 36-1-12-4(a) states in part:

"This section applies whenever the cost of a public work project will be:

- (1) at least seventy-five thousand dollars (\$75,000) in:
 - (A) a consolidated city or second class city; . . .
- (2) at least fifty thousand dollars (\$50,000) in a political subdivision or an agency not described in subdivision (1)."

IC (IC) 36-1-12-4(b) states in part:

"The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. . . ."

TOWN OF CONVERSE
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2009, with Joseph Lenon, President of the Town Council; and Deborah K. Roop, Clerk-Treasurer. The officials concurred with our finding.