

B37327

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

EXAMINATION REPORT
OF
TOWN OF MCCORDSVILLE
HANCOCK COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/11/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Catherine C. Gardner	01-01-08 to 12-31-11
President of the Town Council	Barry Wood Thomas Strayer	01-01-08 to 12-31-09 01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MCCORDSVILLE, HANCOCK COUNTY, INDIANA

We have examined the financial information presented herein of the Town of McCordsville (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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

July 8, 2010

TOWN OF MCCORDSVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 218,360	\$ 1,918,028	\$ 1,603,042	\$ 533,346
Motor Vehicle Highway	106,906	302,936	175,230	234,612
Local Road and Street	-	21,061	2,799	18,262
Law Enforcement Continuing Education	4,148	4,900	1,009	8,039
Riverboat	21,472	-	-	21,472
Rainy Day	584,577	96,043	120,223	560,397
Donation	600	490	-	1,090
Cumulative Capital Improvement	564	3,688	-	4,252
Law Enforcement	6,252	162	-	6,414
Economic Development Operating	1,000	23,529	24,529	-
Proprietary Funds:				
Wastewater Utility - Operating	278,677	1,013,178	1,024,606	267,249
Wastewater Utility - Bond and Interest	-	64,375	64,375	-
Wastewater Utility - Developer	90,495	53,700	128,834	15,361
Wastewater Utility - Customer Deposit	69,951	6,850	76,801	-
Wastewater Utility - Construction	2,188,384	180,939	584,351	1,784,972
Wastewater Utility - CCIF	822,110	800,000	500,000	1,122,110
Wastewater Utility - Debt Reserve	65,933	-	-	65,933
Wastewater Utility - Storm water Operating	232,432	151,864	261,533	122,763
Fiduciary Fund:				
Payroll	12,303	990,122	1,002,299	126
Totals	<u>\$ 4,704,164</u>	<u>\$ 5,631,865</u>	<u>\$ 5,569,631</u>	<u>\$ 4,766,398</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 533,346	\$ 1,503,697	\$ 1,185,605	\$ 851,438
Motor Vehicle Highway	234,612	313,408	350,922	197,098
Local Road and Street	18,262	20,876	2,823	36,315
Law Enforcement Continuing Education	8,039	3,778	-	11,817
Riverboat	21,472	-	-	21,472
Rainy Day	560,397	199,386	-	759,783
Donation	1,090	400	-	1,490
Cumulative Capital Improvement	4,252	3,477	790	6,939
Law Enforcement	6,414	64	4	6,474
Proprietary Funds:				
Wastewater Utility - Operating	267,249	936,973	895,608	308,614
Wastewater Utility - Bond and Interest	-	541,882	541,882	-
Wastewater Utility - Developer	15,361	73,900	59,700	29,561
Wastewater Utility - Construction	1,784,972	101,462	1,659,468	226,966
Wastewater Utility - CCIF	1,122,110	258,349	641,998	738,461
Wastewater Utility - Debt Reserve	65,933	-	65,933	-
Wastewater Utility - Storm water Operating	122,763	166,746	66,583	222,926
Fiduciary Fund:				
Payroll	126	1,040,009	1,038,020	2,115
Totals	<u>\$ 4,766,398</u>	<u>\$ 5,164,407</u>	<u>\$ 6,509,336</u>	<u>\$ 3,421,469</u>

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

TOWN OF MCCORDSVILLE
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, highways and streets, culture and recreation, general administrative services, wastewater, and storm water.

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.

TOWN OF MCCORDSVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

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. Retirement Benefits

All regular full-time employees of the Town who have served their 90 day Introductory Period are eligible to participate in the Town's retirement plan. Employees electing to participate in the Town's retirement plan may opt to have a certain amount of money from his/her paycheck, to be deposited directly to his/her individual "457" retirement plan. Full-time employees, regardless of personal deposits, shall have \$1,000 per year deposited by the Town into the "retirement plan" each year after the employee has completed 1 full year continuous employment. Said deposits will be made at the date specified in the current year's Municipal Salary Ordinance. In addition to personal deposits and the Town's deposits, employees that receive longevity pay may opt to have said longevity pay deposited directly into their retirement plan account, in lieu of receiving said pay as a lump sum annual payment. This benefit, reminiscent of both the health and life insurance benefits, has the possibility of change. A summary on this particular benefit shall be available for review in the Clerk-Treasurer's office.

Note 7. Subsequent Events

In June 2010, the Town hired a Construction Manager to oversee the building of a new town hall. As the project continues, bids will be taken for various parts of the project. The building phase is projected to start in September 2010.

TOWN OF MCCORDSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2009

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 25,000
Infrastructure	435,048
Machinery and equipment	<u>562,841</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,022,889</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 28,100
Buildings	18,000
Improvements other than buildings	7,568,533
Machinery and equipment	<u>186,599</u>
Total Wastewater Utility capital assets	<u>7,801,232</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	<u>4,037,131</u>
Total Storm Water Utility capital assets	<u>4,037,131</u>
Total business-type activities capital assets	<u>\$ 11,838,363</u>

TOWN OF MCCORDSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2006 GMAC(1)	\$ 2,319	\$ 2,319
2009 (1) Ford	12,299	6,788
2010 (2) Ford	<u>35,873</u>	<u>13,732</u>
Total governmental activities debt	<u>\$ 50,491</u>	<u>\$ 22,839</u>
Business-type activities:		
Wastewater Utility		
Capital leases:		
2006 GMAC(1)	<u>\$ 2,319</u>	<u>\$ 2,319</u>
Total Wastewater Utility	<u>2,319</u>	<u>2,319</u>
Total business-type activities debt	<u>\$ 2,319</u>	<u>\$ 2,319</u>

TOWN OF MCCORDSVILLE
EXAMINATION RESULT AND COMMENT

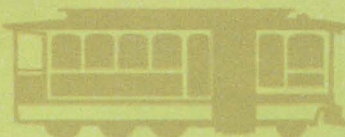
UNALLOWABLE EXPENSES

The Town purchased coffee, coffee add-ins, snacks, lemon aid, tea and holiday cards for employee use during the examination period. A similar comment appeared in prior Report B33060.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity 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 MCCORDSVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2010, with Catherine C. Gardner, Clerk-Treasurer; and Tonya Galbraith, Town Manager. The official response has been made a part of this report and may be found on page 11.



Office of the Clerk-Treasurer

Catherine C. Gardner

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July 13, 2010

OFFICIAL RESONSE

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, Indiana 46204-2765

RE: Exit Conference for 2008-2009 Examination - Official Response

Gentlemen:

On July 8, 2010 Tonya Galbraith, Town Manager, and I met with Tyler Michaels of your office regarding our exit conference for the examination period of 2008 and 2009. Only one comment was included on our audit paper work but I am using this opportunity to address it.

Under the heading of "Unallowable Expenses", the comment said "The Town purchased coffee, coffee add-ins, snacks, lemon aid (sic), tea and holiday cards during the examination period. A similar comment appeared in prior report B33060." Our response to this comment is two-fold:

1. The Town has Ordinance 091305D on the books in order to provide a means for the Town to purchase these types of items for the promotion of business and tourism within the Town. This ordinance was provided to the auditor.
2. The Town acknowledges that the State Board of Accounts, upon evaluating the ordinance, has clarified its position to say that the use of these items is not allowable for break refreshments but coffee and other similar items are an approved use for the public and Town meetings under this ordinance.

Respectfully,

Cathy Gardner