

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF SUNMAN

RIPLEY COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
09/13/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kristina S. Schneider	01-01-08 to 12-31-15
President of the Town Council	Wayne Jenner	01-01-10 to 12-31-12
Utility Manager	Terry Knueven	01-01-10 to 12-31-12



STATE OF INDIANA
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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 SUNMAN, RIPLEY COUNTY, INDIANA

We have examined the financial statement of the Town of Sunman (Town), for the period of January 1, 2010 to December 31, 2010. The Town's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis 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 financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management and Town Council and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 5, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF SUNMAN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 59,689	\$ 387,465	\$ 375,869	\$ 71,285
Motor Vehicle Highway	48,782	20,976	24,082	45,676
Local Road And Street	6,748	4,095	1,292	9,551
Law Enforcement Continuing Education	2,840	835	-	3,675
Riverboat	80,898	247,683	111,798	216,783
Parks And Recreation	(6,007)	13,038	12,369	(5,338)
Rainy Day	13,254	4,737	-	17,991
Economic Development-Other	29,857	20,243	30,746	19,354
Softball	477	480	364	593
Cumulative Capital Development	81,436	18,258	30,453	69,241
Cumulative Capital Improvement	20,594	2,357	-	22,951
Money Market	13,684	22,348	-	36,032
Payroll	13,764	318,224	323,510	8,478
Utility Clearance	(114)	470,081	469,943	24
Wastewater Utility-Operating	74,530	260,030	266,187	68,373
Wastewater Utility-Bond And Interest	84,388	38,040	38,450	83,978
Wastewater Utility-Improvement	10,159	3,300	-	13,459
Water Utility-Operating	36,240	199,410	185,081	50,569
Water Utility-Bond And Interest	17,789	38,161	38,900	17,050
Water Utility-Debt Service Reserve	39,050	-	-	39,050
Water Utility-Customer Deposit	33,761	3,525	350	36,936
Water Utility-Construction	7,987	14,399	17,064	5,322
Totals	<u>\$ 669,806</u>	<u>\$ 2,087,685</u>	<u>\$ 1,926,458</u>	<u>\$ 831,033</u>

The notes to the financial statement are an integral part of this statement.

TOWN OF SUNMAN
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

The accompanying financial statement presents the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF SUNMAN
NOTES TO FINANCIAL STATEMENT
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, over-time compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

TOWN OF SUNMAN
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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.

TOWN OF SUNMAN
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize 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 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchase.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF SUNMAN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Riverboat	Parks And Recreation	Rainy Day	Economic Development-Other
Cash and investments - beginning	\$ 59,689	\$ 48,782	\$ 6,748	\$ 2,840	\$ 80,898	\$ (6,007)	\$ 13,254	\$ 29,857
Receipts:								
Taxes	122,160	-	-	-	-	47	-	-
Licenses and permits	2	2	-	-	-	-	-	-
Intergovernmental	89,819	20,974	4,095	-	246,837	1,006	-	-
Charges for services	30,380	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	145,104	-	-	835	846	11,985	4,737	20,243
Total receipts	<u>387,465</u>	<u>20,976</u>	<u>4,095</u>	<u>835</u>	<u>247,683</u>	<u>13,038</u>	<u>4,737</u>	<u>20,243</u>
Disbursements:								
Personal services	47,211	10,810	-	-	-	7,801	-	-
Supplies	13,251	7,747	1,292	-	-	-	-	-
Other services and charges	167,571	4,957	-	-	-	68	-	30,746
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	3,787	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	144,049	568	-	-	111,798	4,500	-	-
Total disbursements	<u>375,869</u>	<u>24,082</u>	<u>1,292</u>	<u>-</u>	<u>111,798</u>	<u>12,369</u>	<u>-</u>	<u>30,746</u>
Excess (deficiency) of receipts over disbursements	<u>11,596</u>	<u>(3,106)</u>	<u>2,803</u>	<u>835</u>	<u>135,885</u>	<u>669</u>	<u>4,737</u>	<u>(10,503)</u>
Cash and investments - ending	<u>\$ 71,285</u>	<u>\$ 45,676</u>	<u>\$ 9,551</u>	<u>\$ 3,675</u>	<u>\$ 216,783</u>	<u>\$ (5,338)</u>	<u>\$ 17,991</u>	<u>\$ 19,354</u>

TOWN OF SUNMAN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Softball	Cumulative Capital Development	Cumulative Capital Improvement	Money Market	Payroll	Utility Clearance	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest
Cash and investments - beginning	\$ 477	\$ 81,436	\$ 20,594	\$ 13,684	\$ 13,764	\$ (114)	\$ 74,530	\$ 84,388
Receipts:								
Taxes	-	16,783	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	1,475	2,357	-	-	-	-	-
Charges for services	480	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	26,535	-
Other receipts	-	-	-	22,348	318,224	470,081	233,495	38,040
Total receipts	480	18,258	2,357	22,348	318,224	470,081	260,030	38,040
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	26,450
Capital outlay	-	30,453	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	228,147	12,000
Other disbursements	364	-	-	-	323,510	469,943	38,040	-
Total disbursements	364	30,453	-	-	323,510	469,943	266,187	38,450
Excess (deficiency) of receipts over disbursements	116	(12,195)	2,357	22,348	(5,286)	138	(6,157)	(410)
Cash and investments - ending	\$ 593	\$ 69,241	\$ 22,951	\$ 36,032	\$ 8,478	\$ 24	\$ 68,373	\$ 83,978

TOWN OF SUNMAN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility-Improvement	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Debt Service Reserve	Water Utility-Customer Deposit	Water Utility-Construction	Totals
Cash and investments - beginning	\$ 10,159	\$ 36,240	\$ 17,789	\$ 39,050	\$ 33,761	\$ 7,987	\$ 669,806
Receipts:							
Taxes	-	-	-	-	-	-	138,990
Licenses and permits	-	-	-	-	-	-	4
Intergovernmental	-	-	-	-	-	-	366,563
Charges for services	-	-	-	-	-	-	30,860
Utility fees	-	21,300	-	-	-	-	47,835
Other receipts	3,300	178,110	38,161	-	3,525	14,399	1,503,433
Total receipts	<u>3,300</u>	<u>199,410</u>	<u>38,161</u>	<u>-</u>	<u>3,525</u>	<u>14,399</u>	<u>2,087,685</u>
Disbursements:							
Personal services	-	-	-	-	-	-	65,822
Supplies	-	-	-	-	-	-	22,290
Other services and charges	-	-	-	-	-	-	203,342
Debt service - principal and interest	-	38,900	14,900	-	-	-	80,250
Capital outlay	-	-	-	-	-	-	34,240
Utility operating expenses	-	111,400	24,000	-	350	17,064	392,961
Other disbursements	-	34,781	-	-	-	-	1,127,553
Total disbursements	<u>-</u>	<u>185,081</u>	<u>38,900</u>	<u>-</u>	<u>350</u>	<u>17,064</u>	<u>1,926,458</u>
Excess (deficiency) of receipts over disbursements	<u>3,300</u>	<u>14,329</u>	<u>(739)</u>	<u>-</u>	<u>3,175</u>	<u>(2,665)</u>	<u>161,227</u>
Cash and investments - ending	<u>\$ 13,459</u>	<u>\$ 50,569</u>	<u>\$ 17,050</u>	<u>\$ 39,050</u>	<u>\$ 36,936</u>	<u>\$ 5,322</u>	<u>\$ 831,033</u>

TOWN OF SUNMAN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 308,633	\$ 27,135
Business-type activities:		
Water Utility:		
Loan payable	\$ 23,888	\$ 17,014
Revenue bonds:		
1981 Water Improvement	274,000	38,700
Total Water Utility	297,888	55,714
Wastewater Utility:		
Revenue bonds:		
1993 Wastewater improvement	517,000	38,850
Total business-type activities debt	\$ 814,888	\$ 94,564

TOWN OF SUNMAN
OTHER REPORT

The examination report presented herein was prepared in addition to another official report prepared for the individual Town office listed below:

Clerk-Treasurer

TOWN OF SUNMAN
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS (Applies to the Town Council and Clerk-Treasurer)

The Town disbursed \$111,798 from the Riverboat Fund during the year 2010. The Town Council did not appropriate monies paid from the Riverboat Fund.

Indiana Code 36-5-4-2 states: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body and recorded in a book kept for that purpose by the legislative body. Each appropriation must be made from the fund against which the expenses arose."

Indiana Code 5-11-10-1(d) states:

"The disbursing officer shall issue checks or warrants for claims which meet all of the requirements of this section. The disbursing officer does not incur personal liability for disbursements:

- (1) processed in accordance with this section; and
- (2) for which funds are appropriated and available."

A similar comment was made in prior Report B35406.

UTILITIES RATE ORDINANCES NOT APPLIED (Applies to Town Council and Clerk-Treasurer)

Water Rate Ordinance 2006-3, and Sewer Rate Ordinance 2006-2, established rate schedules that included increases to take effect January 1, 2007; August 1, 2007; and August 1, 2008. The August 1, 2008, rate increase was not entered into the Utilities' computerized system. Therefore, the 2008 rate increase has never been applied to customer billings. The rate increase that should have gone into effect on August 1, 2008, approximated a 3 percent increase in utility rates. Noncompliance with the rate ordinance was reported in the prior Report B35406 dated November 19, 2009.

The rate increase, if implemented timely, would have generated approximately \$12,348.00 in additional revenue for the water utility and wastewater utility combined for the year 2010.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was made in prior Report B35406.

TOWN MARSHALL – EXCESS SALARY PAID (Applies to Town Marshall and Clerk-Treasurer)

Bill Dramann, Town Marshall, was paid \$1,380.48 in excess of the salary ordinance approved by the Town Council during the years 2010 and 2011 as shown in the following schedule:

	<u>2010</u>	<u>2011</u>	<u>Totals</u>
Salary Paid	\$ 34,319.74	\$ 34,319.74	\$ 68,639.48
Approved Salary	<u>33,629.50</u>	<u>33,629.50</u>	<u>67,259.00</u>
Excess Salary Payment	<u>\$ 690.24</u>	<u>\$ 690.24</u>	<u>\$ 1,380.48</u>

TOWN OF SUNMAN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The Town Council on November 17, 2011, retroactively approved the salary of the Town Marshall to be \$34,319.74 for the years 2010 and 2011.

OVERDRAWN CASH BALANCE (Applies to Clerk-Treasurer)

The cash balance of the Parks and Recreation Fund was overdrawn in the amount of \$5,338 at December 31, 2010.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-11-10-1(d) states:

"The disbursing officer shall issue checks or warrants for claims which meet all of the requirements of this section. The disbursing officer does not incur personal liability for disbursements:

- (1) processed in accordance with this section; and
- (2) for which funds are appropriated and available."

A similar comment was made in prior Report B35406.

DISBURSEMENT PROCEDURES NOT FOLLOWED (Applies to Clerk-Treasurer)

The following deficiencies were noted based on a sample of vendor payments:

1. Supporting documentation for disbursements was not presented for examination for four claims out of 30 included in the sample representing an error rate of 17 percent based on the number of items sampled. Claims in the sample without proper supporting documentation totaled \$725.28 representing a 3 percent error rate based on the dollar value of the errors and dollar value of the claim sample.
2. Claims were not signed by a department head or other official certifying to the receipt of the goods or services ordered for 13 percent of the claims reviewed.
3. Claims were not signed by the Clerk-Treasurer, certifying that the claims had been audited, for 17 percent of the claims reviewed.

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:

TOWN OF SUNMAN
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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."

GIFT CARDS (Applies to Clerk-Treasurer and Town Council)

Approximately 42 gift cards totaling \$1,600 were purchased by the Town of Sunman for its employees and auxiliary police officers in December of the year 2010. The gift card amounts ranged from \$25 to \$100 dollars. This additional compensation was not authorized by a salary ordinance.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CASH NECESSARY TO BALANCE (Applies to Clerk-Treasurer)

A comparison of the records to the bank account showed a cash necessary to balance of \$133.86 as shown in the following schedule:

Record Balance of Cash and Investments	\$ 831,032.22
Net Bank Bank Account Balance	<u>830,898.36</u>
Cash Necessary to Balance	<u><u>\$ 133.86</u></u>

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS (Applies to Clerk-Treasurer)

The Town does not maintain capital asset records for its governmental funds or for its utility funds.

TOWN OF SUNMAN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. 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)

A similar comment was made in prior Reports B26674, B31505, and B35406.

CUSTOMER DEPOSITS (Applies to Clerk-Treasurer)

The Water Utility-Customer Deposit Fund's cash and investment balance exceeded the detail of customer deposits reported on the Meter Deposit Report at December 31, 2010, by \$140.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment was included in prior Reports B31505 and B35406.

TOWN OF SUNMAN
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2012, with Wayne Jenner, President of the Town Council and Kristina S. Schneider, Clerk-Treasurer.