

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
TOWN OF CROWS NEST  
MARION COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
10/27/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Gilbert S. Daniels, P.H.D.	01-01-04 to 12-31-07
President of the Town Council	Richard Wood	01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CROWS NEST, MARION COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Crows Nest (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

September 26, 2005

TOWN OF CROWS NEST  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 49,974	\$ 156,183	\$ 152,010	\$ 54,147
Motor Vehicle Highway	678	3,030	12,951	(9,243)
Local Road and Street	(347)	777	-	430
Riverboat	-	1,212	-	1,212
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 50,305</u>	<u>\$ 161,202</u>	<u>\$ 164,961</u>	<u>\$ 46,546</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 54,147	\$ 154,994	\$ 160,353	\$ 48,788
Motor Vehicle Highway	(9,243)	12,215	2,972	-
Local Road and Street	430	791	1,221	-
Riverboat	1,212	605	1,212	605
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 46,546</u>	<u>\$ 168,605</u>	<u>\$ 165,758</u>	<u>\$ 49,393</u>

The accompanying notes are an integral part of the schedules.

TOWN OF CROWS NEST  
NOTES TO SCHEDULES

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. The Town prepared internal budgets but did submit those budgets for approval by the Indiana Department of Local Government Finance.

Note 4. 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 5. Long-Term Debt

The Town has entered into a loan agreement to provided underground electrical service for homeowners. The outstanding principal at December 31, 2005, was \$208,129.62.

TOWN OF CROWS NEST  
EXAMINATION RESULTS AND COMMENTS

DISBURSEMENTS WITHOUT APPROPRIATIONS

As stated in prior Reports B8413, B15512, and B24022, the Town approved an internal budget but did not have the budget approved by the Indiana Department of Local Government Finance.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

PRESCRIBED FORMS

As stated in prior Reports B08413, B15512, and B24022, the following prescribed or approved forms were not always in use, Budget Report, Budget Estimate, Accounts Payable Voucher, Ledger of Receipts Disbursements and Balances, Ledger of Appropriations, Encumbrances, Disbursements and Balances, Clerk-Treasurer's Receipt, and Clerk's Warrant.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONTRACTS

Payments totaling \$63,085 and \$68,820 were made to a company for security services, in the years 2004 and 2005, respectively, without a completed contract.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The official bond for the Clerk-Treasurer was not filed in the Office of the County Recorder.

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. . . ."

ANNUAL REPORT

The Annual Reports for the years 2004 and 2005 were not in agreement as to the ending and beginning balances.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balance of the Motor Vehicle Highway Fund was overdrawn in 2004.

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)

TOWN OF CROWS NEST  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2006, with Gilbert S. Daniels P.H.D., Clerk Treasurer. The official concurred with our findings.