

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

EXAMINATION REPORT

OF

TOWN OF WILLIAMS CREEK

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	Peter Cislak	01-01-04 to 12-31-07
President of the Town Council	Richard Dickinson	01-01-05 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 WILLIAMS CREEK, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Williams Creek (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 WILLIAMS CREEK
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

	<u>Cash and Investments 01-01-05</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-05</u>
Governmental Funds:				
General	\$ 43,016	\$ 99,095	\$ 94,295	\$ 47,816
Motor Vehicle Highway	6,716	13,737	20,375	78
Local Road and Street	2,119	8,486	20,922	(10,317)
Fiduciary Fund:				
Payroll	-	84,181	84,181	-
Totals	<u>\$ 51,851</u>	<u>\$ 205,499</u>	<u>\$ 219,773</u>	<u>\$ 37,577</u>

	<u>Cash and Investments 01-01-06</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments 12-31-06</u>
Governmental Funds:				
General	\$ 47,816	\$ 90,457	\$ 105,583	\$ 32,690
Motor Vehicle Highway	78	16,289	12,325	4,042
Local Road and Street	(10,317)	18,956	3,538	5,101
Fiduciary Fund:				
Payroll	-	80,132	80,132	-
Totals	<u>\$ 37,577</u>	<u>\$ 205,834</u>	<u>\$ 201,578</u>	<u>\$ 41,833</u>

The accompanying notes are an integral part of the schedules.

TOWN OF WILLIAMS CREEK
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 WILLIAMS CREEK
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2005 was not filed with the State Board of Accounts. A similar comment appeared in prior Reports B15596, B21703 and B26593.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Some officials or employees of the Town had money due from the Town, but a list of such employees was not certified to the County Treasurer. A similar comment appeared in the prior Report B26593.

Indiana Code 6-1.1-22-14(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 and 2006. A similar comment appeared in prior Reports B21703 and B26593.

Indiana Code 5-11-13-1 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."

BOARD MINUTES

The only minutes of meetings of the governing body presented for audit were for one meeting held during 2005 and two meetings held during 2006. A similar comment appeared in the prior Audit Report B26593.

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.

TOWN OF WILLIAMS CREEK
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (4) A record of all votes take, by individual members if there is a roll call.
- (5) An additional information required under Indiana Code 5-1.5-2-2.5 or Indiana Code 20-12-63-7."

OVERDRAWN CASH BALANCE

The cash balance of the Local Road and Street Fund was overdrawn at December 31, 2005.

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)

PUBLIC RECORDS RETENTION

The 2005 Budget Order was not presented for audit. As a result, it could not be determined if the Town's disbursements from the General Fund, Motor Vehicle Highway Fund, and Local Road and Street Fund were within the budgetary limits as determined by the Department of Local Government Finance. Additionally, salary ordinances for 2005 and 2006 were not presented for audit.

Indian Code 5-15-6-3(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)

RECORD INFORMATION

The Ledger of Appropriations, Encumbrances, Disbursements and Balances (Town Form 209) was not always used and reconciled to the Ledger of Receipts, Disbursements and Balances (Town Form 208).

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)

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)

MOTOR VEHICLE HIGHWAY FUNDS

The Town used Motor Vehicle Highway (MVH) funds to pay for a portion of law enforcement related wages. The disbursements made from the MVH fund for law enforcement purposes accounted for over 48% of the 2005 and over 45% of the 2006 MHV distribution received from the State.

TOWN OF WILLIAMS CREEK
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 8-14-1-5 states in part:

"(b) In addition to purposes for which funds may be expended under subsections (a) and (c) of this section, monies allocated to cities and towns under this chapter may be expended for law enforcement purposes, subject to the following limitations:

(1) For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes."

INDEBTEDNESS

The Town entered into a loan with Richard Dickinson, Town Council President, in 2005. Total loan proceeds were \$10,000, which was receipted to the records as a tax anticipation loan. The loan was repaid during 2005.

A governmental unit may not incur indebtedness unless specifically allowed by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEBIT CARD USE

Disbursements were not always made by check. Five disbursements for purchases were noted during 2006 in which a debit card was used.

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)

OFFICIAL BOND

The official bond for the Clerk-Treasurer, Peter Cislak, was not filed in the Office of the County Recorder for the years 2005 and 2006. A similar comment appeared in prior Report B26593.

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. . . ."

CAPITAL ASSET RECORDS

Records are not available providing the historical cost amounts for general capital assets of the Town. A similar comment appeared in prior Reports B15596, B21703, and B26593.

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 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)

TOWN OF WILLIAMS CREEK
EXIT CONFERENCE

The contents of this report were discussed on May 22, 2007, with Peter Cislak, Clerk-Treasurer. The official concurred with our findings.