

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

EXAMINATION REPORT

OF

TOWN OF MERIDIAN HILLS

MARION COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
07/06/2007



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information.....	5-6
Examination Results and Comments:	
Fund Sources and Uses .....	7
Public Records Retention .....	7
Supporting Documentation .....	7
Appropriations.....	7
Exit Conference .....	8

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Esther Schneider  
John Taylor

11-01-04 to 01-31-05  
02-01-05 to 12-31-07

President of the Town Council

Terrance O'Brien

01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF MERIDIAN HILLS, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Meridian Hills (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

June 19, 2007

TOWN OF MERIDIAN HILLS  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 116,459	\$ 201,712	\$ 203,901	\$ 114,270
Motor Vehicle Highway	136,545	63,847	84,816	115,576
Local Road and Street	49,617	34,147	18,585	65,179
Law Enforcement Continuing Education	-	201	-	201
Rainy Day	29,000	29,000	-	58,000
Donation	27,283	1,000	-	28,283
Totals	<u>\$ 358,904</u>	<u>\$ 329,907</u>	<u>\$ 307,302</u>	<u>\$ 381,509</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 114,270	\$ 217,564	\$ 211,717	\$ 120,117
Motor Vehicle Highway	115,576	55,615	63,047	108,144
Local Road and Street	65,179	33,832	19,157	79,854
Law Enforcement Continuing Education	201	54	-	255
Rainy Day	58,000	30,000	-	88,000
Donation	28,283	1,000	-	29,283
Totals	<u>\$ 381,509</u>	<u>\$ 338,065</u>	<u>\$ 293,921</u>	<u>\$ 425,653</u>

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

TOWN OF MERIDIAN HILLS  
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 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.

TOWN OF MERIDIAN HILLS  
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. Restatements

For the year ended December 31, 2005, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances by fund. Prior period adjustments represent correction of errors in reporting in the prior period.

Fund	Balance as Reported December 31, 2004	Prior Period Adjustments	Balance as Restated January 1, 2005
General	\$ 105,108	\$ 11,351	\$ 116,459
Motor Vehicle Highway	147,896	(11,351)	136,545

TOWN OF MERIDIAN HILLS  
EXAMINATION RESULTS AND COMMENTS

FUND SOURCES AND USES

Property tax distributions from Marion County and Major Moves distributions from the State of Indiana designated for the Motor Vehicle Highway Fund were incorrectly recorded in the General Fund.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC RECORDS RETENTION

Checks that cleared the Town's bank account, or optical images of them, after November 2005 were not presented for audit.

Indiana 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)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, 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)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Motor Vehicle Highway	2005	<u>\$ 8,178</u>

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."

TOWN OF MERIDIAN HILLS  
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2007, with John Taylor, Clerk-Treasurer. The official concurred with our findings.