

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

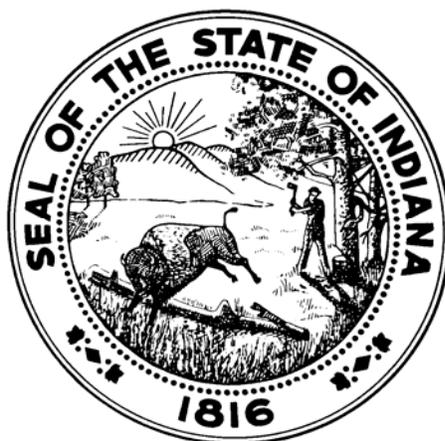
EXAMINATION REPORT

OF

TOWN OF OOLITIC

LAWRENCE COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
11/15/2007

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
Supplementary Information:	
Schedule of Capital Assets	7
Schedule of Long-Term Debt.....	8
Examination Results and Comments:	
Prescribed Forms	9
Condition of Records	9
Errors on Claims	9
Exit Conference	10

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Terri Hackler

01-01-04 to 12-31-07

President of the
Town Council

Delvin Nikirk

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 OOLITIC, LAWRENCE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Oolitic (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.

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 required parts 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

October 3, 2007

TOWN OF OOLITIC
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY 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	\$ 5,241	\$ 242,249	\$ 204,075	\$ 43,415
Motor Vehicle Highway	13,801	37,750	41,877	9,674
Local Road and Street	11,100	7,812	4,000	14,912
Park and Recreation	19,689	6,603	9,722	16,570
Law Enforcement Continuing Education	1,945	320	-	2,265
Police Donation	130	-	-	130
Police Auxiliary Reserve	300	-	-	300
Cumulative Capital Improvement	5,084	4,258	-	9,342
Cumulative Capital Development	9,625	14,735	4,942	19,418
Proprietary Funds:				
Water Utility - Operating	23,747	227,227	211,243	39,731
Water Utility - Depreciation	2,964	1,000	-	3,964
Water Utility - Customer Deposit	12,610	2,160	3,031	11,739
Water Utility - Improvement	26,796	37,319	32,272	31,843
Wastewater Utility - Operating	29,117	144,511	133,129	40,499
Wastewater Utility - Bond and Interest	50,957	10,800	33,051	28,706
Wastewater Utility - Depreciation	18,141	3,000	-	21,141
Fiduciary Fund:				
Payroll	12,990	214,943	213,931	14,002
Totals	<u>\$ 244,237</u>	<u>\$ 954,687</u>	<u>\$ 891,273</u>	<u>\$ 307,651</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 43,415	\$ 194,195	\$ 185,807	\$ 51,803
Motor Vehicle Highway	9,674	42,465	32,828	19,311
Local Road and Street	14,912	22,781	800	36,893
Park and Recreation	16,570	8,898	19,363	6,105
Law Enforcement Continuing Education	2,265	325	-	2,590
Fire Truck Grant	-	150,000	150,000	-
Police Donation	130	-	-	130
Police Auxiliary Reserve	300	-	-	300
Cumulative Capital Improvement	9,342	4,115	-	13,457
Cumulative Capital Development	19,418	10,025	-	29,443
Levy Excess	-	7,694	-	7,694
Proprietary Funds:				
Water Utility - Operating	39,731	191,118	189,507	41,342
Water Utility - Depreciation	3,964	1,000	-	4,964
Water Utility - Customer Deposit	11,739	2,190	1,760	12,169
Water Utility - Improvement	31,843	37,320	33,141	36,022
Wastewater Utility - Operating	40,499	133,279	149,382	24,396
Wastewater Utility - Bond and Interest	28,706	10,800	29,541	9,965
Wastewater Utility - Depreciation	21,141	3,000	-	24,141
Fiduciary Fund:				
Payroll	14,002	215,783	225,800	3,985
Totals	<u>\$ 307,651</u>	<u>\$ 1,034,988</u>	<u>\$ 1,017,929</u>	<u>\$ 324,710</u>

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

TOWN OF OOLITIC
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 (police and fire), highways and streets, culture and recreation, public improvements, general administrative services, water, wastewater, and urban redevelopment.

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 OOLITIC
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF OOLITIC
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 22,000
Buildings	729,668
Improvements other than buildings	78,725
Machinery and equipment	<u>373,625</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,204,018</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 4,000
Buildings	129,863
Improvements other than buildings	1,476,927
Machinery and equipment	<u>20,783</u>
 Total Water Utility capital assets	 <u>1,631,573</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	1,500
Buildings	577,909
Improvements other than buildings	1,260,540
Machinery and equipment	<u>56,985</u>
 Total Wastewater Utility capital assets	 <u>1,896,934</u>
 Total business-type activities capital assets	 <u>\$ 3,528,507</u>

TOWN OF OOLITIC
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type Activities:		
Water Utility		
Notes and loans payable	\$ 136,247	\$ 21,168
Wastewater Utility		
Revenue bonds:		
2002 Sewage works improvement bonds	19,000	20,495
Total business-type activities debt:	<u>\$ 155,247</u>	<u>\$ 41,663</u>

TOWN OF OOLITIC
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed or approved form was not in use: Register of Investments (General Form 350).

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)

CONDITION OF RECORDS

The Payroll Withholding control does not reconcile with the Payroll Withholding detail as of December 31, 2006.

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)

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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

- (1) Three claims were not adequately itemized.
- (2) Fourteen claims or invoices did not have evidence to support receipt of goods or services.

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:

- (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."

TOWN OF OOLITIC
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2007, with Terri Hackler, Clerk-Treasurer; and Delvin Nikirk, President of the Town Council. The officials concurred with our findings.