

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

EXAMINATION REPORT
OF
TOWN OF STILESVILLE
HENDRICKS COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
11/16/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Dana L. Carter	01-01-05 to 12-31-07
President of the Town Council	Lowell Farthing Garrett Reitzel Barbara Childress	01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07
Superintendent of the Wastewater Utility	Randall Reitzel	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 STILESVILLE, HENDRICKS COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Stilesville (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

September 26, 2007

TOWN OF STILESVILLE
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	\$ 20,093	\$ 50,163	\$ 50,983	\$ 19,273
Motor Vehicle Highway	15,593	8,460	10,592	13,461
Local Road and Street	22,117	10,908	13,377	19,648
Law Enforcement Continuing Education	679	47	277	449
Riverboat	3,296	1,646	2,818	2,124
Police Donation	-	2,000	22	1,978
EMS	4,529	4,939	4,141	5,327
Community Center	460	275	-	735
Economic Development Income Tax	16,290	4,618	3,645	17,263
Cumulative Capital Improvement	4,017	807	2,533	2,291
Proprietary Funds:				
Wastewater Utility - Operating	75,846	95,769	106,141	65,474
Wastewater Utility - Bond and Interest	34,513	6,000	-	40,513
Wastewater Utility - Debt Reserve	23,216	3,686	13,427	13,475
Totals	<u>\$ 220,649</u>	<u>\$ 189,318</u>	<u>\$ 207,956</u>	<u>\$ 202,011</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 19,273	\$ 67,767	\$ 61,748	\$ 25,292
Motor Vehicle Highway	13,461	13,425	7,798	19,088
Local Road and Street	19,648	6,839	9,560	16,927
Law Enforcement Continuing Education	449	1,401	310	1,540
Riverboat	2,124	1,642	695	3,071
Police Donation	1,978	2,801	4,724	55
EMS	5,327	-	5,327	-
Community Center	735	265	-	1,000
Economic Development Income Tax	17,263	4,848	5,136	16,975
Cumulative Capital Improvement	2,291	932	2,532	691
Proprietary Funds:				
Wastewater Utility - Operating	65,474	80,635	77,354	68,755
Wastewater Utility - Bond and Interest	40,513	7,200	-	47,713
Wastewater Utility - Debt Reserve	13,475	3,699	-	17,174
Totals	<u>\$ 202,011</u>	<u>\$ 191,454</u>	<u>\$ 175,184</u>	<u>\$ 218,281</u>

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

TOWN OF STILESVILLE
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, wastewater treatment, 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.

Note 6. Debt

The Town has entered into a note payable for the construction of a town hall, a note payable for purchase of a police vehicle and revenue bonds for the wastewater construction and improvement. The outstanding principal at December 31, 2006, was \$31,631, \$10,890.02 and \$483,000, respectively.

TOWN OF STILESVILLE
EXAMINATION RESULTS AND COMMENTS

FUND SOURCES AND USES

Wheel tax and surtax receipts of \$6,692.94 and \$2,606.75 were incorrectly recorded in the Local Road and Street fund in 2005 and 2006, respectively. In addition, wheel tax and surtax receipts of \$113.19 were incorrectly recorded in the General Fund in 2006.

The distributions of surtax and wheel tax to cities and towns should be receipted to the Motor Vehicle Highway Fund (Street Fund), since a city or town may only use the money to construct, reconstruct, repair or maintain streets and roads under their jurisdiction. (IC 6-3.5-4-13 and IC 6-3.5-5-15) (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 2004, Page 9)

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)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

As stated in prior Report B26966, a list of employees was not certified to the County Treasurer.

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."

DEPOSITS

As stated in the prior Report B26966, in numerous instances, receipts were deposited later than the next business day. For years 2005 and 2006, deposits were at least a day late five and three times respectively.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

UNAUTHORIZED TRANSFER OF FUNDS

During 2005, the Town Council authorized the transfer of \$13,427 from the Wastewater Debt Reserve Fund to the Wastewater Operating Fund to cover expenses incurred by the Wastewater Operating Fund for repairs and maintenance. To date, the Wastewater Operating Fund has not transferred these funds back to the Debt Reserve Fund. This type of transfer does not appear to be authorized by Bond Ordinance 97-3 which states in part: "The Debt Service Reserve Account shall constitute the margin of safety and protection against default in the payment of principal of and interest on outstanding bonds, and the moneys in the Debt Service Reserve Account shall be used to pay current principal of and interest on outstanding bonds to the extent that moneys in the Bond and Interest Account are insufficient for that purpose. Any deficiency in the balance maintained in the Debt Service Reserve Account shall be promptly made up from the next available Net Revenues remaining after credits into the Bond and Interest Account."

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)

TOWN OF STILESVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2007, with Dana L. Carter, Clerk-Treasurer; and Barbara Childress, President of the Town Council. The officials concurred with our findings.