

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

EXAMINATION REPORT  
OF  
TOWN OF LOSANTVILLE  
RANDOLPH COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
12/31/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol Weaver	01-01-06 to 08-31-07
	Nancy Hall	09-01-07 to 05-31-08
	Amber Hall	06-01-08 to 12-31-11
President of the Town Council	Stephen Weaver	01-01-06 to 08-31-07
	Brent Hall	09-01-07 to 05-07-08
	Aaron Schaefer	05-08-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LOSANTVILLE, RANDOLPH COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Losantville (Town), for the period of January 1, 2006 to December 31, 2007. 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, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 18, 2008

TOWN OF LOSANTVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 19,838	\$ 80,590	\$ 79,553	\$ 20,875
Motor Vehicle Highway	12,129	10,236	16,000	6,365
Local Road and Street	2,878	3,127	165	5,840
Law Enforcement Continuing Education	571	28	96	503
Riverboat	5,302	1,762	-	7,064
Rainy Day	2,134	40,335	28,539	13,930
Cumulative Capital Improvement	1,341	1,000	-	2,341
CEDIT Fire	11,500	149	11,533	116
Economic Development Income Tax	28,335	35,656	63,991	-
Community Beautification	-	800	786	14
Levy Excess	-	2,754	-	2,754
Totals	<u>\$ 84,028</u>	<u>\$ 176,437</u>	<u>\$ 200,663</u>	<u>\$ 59,802</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 20,875	\$ 72,231	\$ 77,363	\$ 15,743
Motor Vehicle Highway	6,365	10,855	-	17,220
Local Road and Street	5,840	2,272	165	7,947
Law Enforcement Continuing Education	503	3	500	6
Riverboat	7,064	1,765	-	8,829
Rainy Day	13,930	12,494	15,122	11,302
Cumulative Capital Improvement	2,341	983	-	3,324
CEDIT Fire	116	1,472	776	812
Community Beautification	14	-	-	14
Levy Excess	2,754	-	2,754	-
Totals	<u>\$ 59,802</u>	<u>\$ 102,075</u>	<u>\$ 96,680</u>	<u>\$ 65,197</u>

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

TOWN OF LOSANTVILLE  
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 LOSANTVILLE  
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

An annual report for 2006 was not presented for audit. The annual report for 2007 did not include all funds and the receipts and disbursements included did not agree to the Town's records for all funds.

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 . . ."

CAPITAL ASSET RECORDS

The Town is not maintaining capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflects 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)

ERRORS ON CLAIMS

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

- (1) Of the checks written during the audit period 22 were not adequately itemized.
- (2) Of the 42 claims tested, 15 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 LOSANTVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks, states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

SALES TAX

Sales tax was paid in the amount of \$207 on some purchases and reimbursements.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINANCE CHARGES

As reported in previous Report B28239, the Town incurred, and subsequently paid, finance charges for delinquent payment of vendor invoices during 2006-2007 of \$22.68.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LOSANTVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

APPROPRIATIONS

As reported in the previous Report B28239, the Rainy Day, the Economic Development Income Tax, the CEDIT Fire and the Law Enforcement Continuing Education Funds required appropriation, but were not budgeted.

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."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

As reported in previous report B28239, the Town did not comply with directives of the Federal Government by not withholding Social Security and Medicare taxes for its employees. The amount that should have been withheld from the Clerk-Treasurer's and Marshal's salaries was paid by the Town. There were no withholdings or payments withheld from the earnings of the Council members.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 2006 and 2007.

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."

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

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."

TOWN OF LOSANTVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PERSONAL EXPENSES

\$135 was paid for funeral flowers for family members of Town employees.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPT ISSUANCE

Receipts were not issued for interest received or for four other checks received during the examination period.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PERSONAL PROPERTY USE

A Town Council member, Thomas Fisher, has used the Town Park to conduct tractor pulls. The proceeds from and expenses of these tractor pulls are placed in an account called Losantville Park Board. The Losantville Town Council has not established a Park Board and the money has not been given to the Town.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF LOSANTVILLE  
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2008, with Amber Hall, Clerk-Treasurer; and Nancy Hall, former Clerk-Treasurer.