

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

EXAMINATION REPORT  
OF  
TOWN OF KNIGHTSVILLE  
CLAY COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
08/26/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Charlotte Reyher	01-01-04 to 12-31-11
President of the Town Council	Michael Kester	01-01-07 to 12-31-09
Superintendent of Water Utility	Linda Minnick	01-01-07 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF KNIGHTSVILLE, CLAY COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Knightsville (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, 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

July 28, 2009

TOWN OF KNIGHTSVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 63,386	\$ 62,226	\$ 45,087	\$ 80,525
Motor Vehicle Highway	44,703	22,530	10,475	56,758
Local Road and Street	9,168	4,046	713	12,501
Law Enforcement Continuing Education	690	50	465	275
Riverboat	11,004	3,935	2,250	12,689
Rainy Day	2,677	2,061	-	4,738
Park Donation	8,400	5,000	2,545	10,855
Cumulative Capital Improvement	6,371	2,192	1,814	6,749
Cumulative Capital Development	8,991	4,760	6,754	6,997
Levy Excess	1,343	-	1,343	-
Proprietary Funds:				
Water Utility - Operating	56,620	138,436	150,106	44,950
Water Utility - Bond and Interest	931	-	-	931
Water Utility - Depreciation	12,778	4,000	-	16,778
Water Utility - Customer Deposit	6,068	492	120	6,440
Totals	<u>\$ 233,130</u>	<u>\$ 249,728</u>	<u>\$ 221,672</u>	<u>\$ 261,186</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 80,525	\$ 65,618	\$ 54,076	\$ 92,067
Motor Vehicle Highway	56,758	16,926	13,002	60,682
Local Road and Street	12,501	4,074	669	15,906
Law Enforcement Continuing Education	275	264	-	539
Riverboat	12,689	3,914	1,081	15,522
Rainy Day	4,738	2,501	1,621	5,618
Park Donation	10,855	6,000	1,005	15,850
Cumulative Capital Improvement	6,749	2,029	1,123	7,655
Cumulative Capital Development	6,997	4,297	4,705	6,589
Proprietary Funds:				
Water Utility - Operating	44,950	134,471	139,134	40,287
Water Utility - Bond and Interest	931	-	-	931
Water Utility - Depreciation	16,778	4,000	8,101	12,677
Water Utility - Customer Deposit	6,440	375	180	6,635
Totals	<u>\$ 261,186</u>	<u>\$ 244,469</u>	<u>\$ 224,697</u>	<u>\$ 280,958</u>

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

TOWN OF KNIGHTSVILLE  
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 (Indiana Code 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 (Indiana Code 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 KNIGHTSVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2008

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.

General infrastructure assets completed in the current year has been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 79,820
Machinery and equipment	<u>33,105</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 112,925</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Buildings	\$ 43,000
Improvements other than buildings	715,527
Machinery and equipment	<u>44,100</u>
Total business-type activities capital assets	<u>\$ 802,627</u>

TOWN OF KNIGHTSVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

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:		
Note Payable:		
Water Distribution System Improvement	\$ <u>7,550</u>	\$ <u>5,263</u>

TOWN OF KNIGHTSVILLE  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND (Applies to Town and Utilities)

The following official bonds were not filed in the Office of the County Recorder:

Linda Minnick, Water Superintendent, for the period of 01-01-07 to 01-01-08  
Garry Howard, Town Marshall, for the period of 03-01-08 to 03-01-09

IC 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. . . ."

ELECTED OFFICIALS CHANGE OF SALARY (Applies to Town)

In 2008, the Town Board approved to pay Charlotte Reyher, Clerk-Treasurer, an additional \$500 during the middle of the year for additional work done for the Town. This amount was over and above the salary that was approved for the Clerk-Treasurer's position for 2008. The salary of a Clerk-Treasurer cannot be changed during the year.

Charlotte Reyher, Clerk-Treasurer, was requested to repay the \$500 on July 22, 2009. The amount was repaid on July 23, 2009. (See Summary, page 11)

IC 36-5-3-2(c) states: "The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year."

TOWN OF KNIGHTSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2009, with Charlotte Reyher, Clerk-Treasurer; and Debra S. Cress, Vice President of the Town Council. The official response has been made a part of this report and may be found on page 10.

**TOWN OF KNIGHTSVILLE  
PO BOX 167  
KNIGHTSVILLE IN 47857-0167**

August 5, 2009

To Whom It May Concern:

The Town Council of Knightsville would like to respond to the decision requiring wages paid to the Clerk-Treasurer for Census work, be returned. IC 36-4-7-2(c) was given as reference. This code states "the compensation of an elected city officer may not be changed in the year for which it is fixed..."

Charlie Pride was questioned previously concerning payment for Town Council members to do work needed around town and be compensated for this work. His reply was, "There is no law that prevents this from happening."

We felt the work on the Census project was not part of the normal duties for the position of our Clerk-Treasurer. Therefore, she was not receiving an increase to her salary. She was receiving compensation for work outside her normal clerk-treasurer duties. We elected and approved payment for the work done on the Census due to SBOA's previous decision concerning this issue. We do not feel the Clerk should have to pay back these wages as they were not part of her annual salary.

We would appreciate your re-consideration concerning this matter and advise us of your decision.

Thank you,



Debra Cress  
TOWN OF KNIGHTSVILLE  
Council Vice-President

TOWN OF KNIGHTSVILLE  
SUMMARY

	Charges	Credits	Balance Due
Charlotte Reyher, Clerk-Treasurer: Elected Official's Change of Salary, page 8	\$ 500	\$	\$
Paid by Charlotte Reyher, Clerk-Treasurer, Receipt 1257, July 23, 2009	_____	500	_____ -
Totals	\$ 500	\$ 500	\$ -