

B36820

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

EXAMINATION REPORT  
OF  
TOWN OF NORTH CROWS NEST  
MARION COUNTY, INDIANA  
January 1, 2007 to December 31, 2009



**FILED**  
05/07/2010



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Eugene L. Henderson John D. Wilson	01-01-04 to 12-31-08 01-01-09 to 12-31-11
President of the Town Council	Mark Holeman	01-01-07 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NORTH CROWS NEST, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of North Crows Nest (Town), for the period of January 1, 2007 to December 31, 2009. 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, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 13, 2010

TOWN OF NORTH CROWS NEST  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2007, 2008 And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ (2,305)	\$ 17,107	\$ 1,577	\$ 13,225
Motor Vehicle Highway	14,958	-	14,958	-
	<u>14,958</u>	<u>-</u>	<u>14,958</u>	<u>-</u>
Totals	<u>\$ 12,653</u>	<u>\$ 17,107</u>	<u>\$ 16,535</u>	<u>\$ 13,225</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Fund:				
General	\$ 13,225	\$ 1,415	\$ 1,677	\$ 12,963
	<u>13,225</u>	<u>1,415</u>	<u>1,677</u>	<u>12,963</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Fund:				
General	\$ 12,963	\$ 2,182	\$ 2,541	\$ 12,604
	<u>12,963</u>	<u>2,182</u>	<u>2,541</u>	<u>12,604</u>

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

TOWN OF NORTH CROWS NEST  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides 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 Town did not prepare a budget during the examination period.

Formal budgetary integration is required by state statute and is employed as a management control device.

Note 4. 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 NORTH CROWS NEST  
EXAMINATION RESULTS AND COMMENTS

PREScribed FORMS

The following prescribed or approved forms were not always in use: Budget Report, Budget Estimate, Accounts Payable Voucher, Ledger of Receipts, Disbursements, and Balances, Ledger of Appropriations, Encumbrances, Disbursements, and Balances, Clerk-Treasurer's Receipt, and Clerk-Treasurer's Warrant. A similar comment has appeared in several prior examination reports, most recently report B30079.

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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)

INTEREST ON INVESTMENTS

Interest earned on a Certificate of Deposit was automatically added to the principal and not recorded in the records during the three year examination period.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OFFICIAL BOND

The current Clerk-Treasurer, John D. Wilson, was not bonded. Indiana Code requires a Clerk-Treasurer to be bonded and to file the bond with the County Records' office. Similar comments appeared in prior Reports B25581 and B30079.

TOWN OF NORTH CROWS NEST  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee.

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. . . ."

#### ANNUAL REPORT

Annual reports for 2007, 2008 and 2009 were not presented for examination. A similar comment appeared in the prior Reports B25581 and B30079.

IC 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 . . ."

TOWN OF NORTH CROWS NEST  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

RECEIPT ISSUANCE

The Town did not write receipts during the examination period. A similar comment appeared in the prior Report B30079.

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)

TOWN OF NORTH CROWS NEST  
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2010, with John D. Wilson, Clerk-Treasurer.