

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

EXAMINATION REPORT
OF
TOWN OF HOMECROFT
MARION COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/18/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Thomas J. Kopell, Jr. Shari Eickhoff William Coomes	01-01-08 to 08-10-08 08-11-08 to 07-13-10 07-14-10 to 12-31-10
President of the Town Council	Barbara K. Jones	01-01-08 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HOMECROFT, MARION COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Homecroft (Town), for the period of January 1, 2008 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, 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

July 21, 2010

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

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 18,204	\$ 109,788	\$ 117,692	\$ 10,300
Motor Vehicle Highway	72,022	21,177	42,940	50,259
Local Road and Street	19,421	10,998	-	30,419
Law Enforcement Continuing Education	2,161	-	2,392	(231)
LOIT - Public Safety	-	17,865	-	17,865
State Forfeiture	435	-	-	435
State Grant	(1,272)	-	-	(1,272)
Fiduciary Fund:				
Payroll	1,090	4,185	4,197	1,078
Totals	<u>\$ 112,061</u>	<u>\$ 164,013</u>	<u>\$ 167,221</u>	<u>\$ 108,853</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 10,300	\$ 115,638	\$ 92,645	\$ 33,293
Motor Vehicle Highway	50,259	21,132	26,664	44,727
Local Road and Street	30,419	9,947	-	40,366
Law Enforcement Continuing Education	(231)	2,370	2,713	(574)
LOIT - Public Safety	17,865	14,590	-	32,455
State Forfeiture	435	-	-	435
State Grant	(1,272)	-	-	(1,272)
Fiduciary Fund:				
Payroll	1,078	-	-	1,078
Totals	<u>\$ 108,853</u>	<u>\$ 163,677</u>	<u>\$ 122,022</u>	<u>\$ 150,508</u>

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

TOWN OF HOMECROFT
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 HOMECROFT
EXAMINATION RESULTS AND COMMENTS

LAW ENFORCEMENT EXPENDITURES

Law enforcement expenditures from the Motor Vehicle Highway Fund exceeded the 15% allowed in 2008 and 2009. A similar comment appeared in prior Report B34230.

IC 8-14-1-5 reads in part:

". . . (b) In addition to purposes for which funds may be expended under subsections (a) and (c) of this section, monies allocated to cities and towns under this chapter may be expended for law enforcement purposes, subject to the following limitations:

- (1) For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes. . . ."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The payments to the U.S. Treasury and the Indiana Department of Revenue for tax years 2008 and 2009 do not agree with the amounts reported on the W2's for those years. The Town overpaid the Federal amount by \$315.12 in 2008 and \$22.38 in 2009. The State of Indiana was overpaid by \$104.04 in 2008.

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)

TRANSACTION RECORDING

Some items were not entered in the records of the Town. There were also other transactions entered into the wrong funds. A \$10,000 local distribution did not appear on the transaction ledger which we received for examination. Additionally, a Local Road and Street distribution in the amount of \$882.21 was erroneously posted to the Law Enforcement Continuing Education Fund. These amounts were appropriately reported on the Annual Report.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HOMECROFT
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The Law Enforcement Continuing Education Fund and the State Grant Fund were overdrawn in both 2008 and 2009.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS

The Town did not complete appropriate bank reconciliations each month and for the years ended 2008 and 2009 the cash reconciliation did not agree with the register balance. The cash reconciliation reflects a cash long of \$2,499.15, for the year ended December 31, 2009.

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)

ANNUAL REPORT

The 2009 Annual Report submitted by the Town was incorrect. Changes had to be made for the Annual Report to reflect the actual activity of the Town. The Town will be resubmitting the 2009 Annual Report.

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)

TOWN OF HOMECROFT
EXIT CONFERENCE

The contents of this report were discussed on July 21, 2010, with Shari Eickhoff, former Clerk-Treasurer, and Timothy Eickhoff, Board member.