

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF WILLIAMS CREEK

MARION COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
04/30/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robert Parrin	01-01-09 to 12-31-16
President of the Town Council	Richard Dickinson David Reese	01-01-09 to 12-31-12 01-01-13 to 12-31-13



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WILLIAMS CREEK, MARION COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Williams Creek (Town), for the period of January 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

March 13, 2013

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF WILLIAMS CREEK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 1,158	\$ 147,932	\$ 107,188	\$ 41,902
Motor Vehicle And Highway	-	11,898	11,898	-
Local Roads And Streets	8,569	7,521	14,942	1,148
Landscaping Fund	1,570	650	-	2,220
Rainy Day Fund	26,866	14,143	-	41,009
Payroll	-	75,835	75,835	-
Totals	<u>\$ 38,163</u>	<u>\$ 257,979</u>	<u>\$ 209,863</u>	<u>\$ 86,279</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WILLIAMS CREEK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 41,902	\$ 110,720	\$ 99,191	\$ 53,431
Motor Vehicle And Highway	-	12,005	12,005	-
Local Roads And Streets	1,148	22,640	23,788	-
Rainy Day Fund	41,009	10,241	15,336	35,914
Landscaping Fund	2,220	500	-	2,720
Payroll	-	70,236	70,236	-
Totals	<u>\$ 86,279</u>	<u>\$ 226,342</u>	<u>\$ 220,556</u>	<u>\$ 92,065</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF WILLIAMS CREEK
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

TOWN OF WILLIAMS CREEK
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

TOWN OF WILLIAMS CREEK
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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 statutes authorize 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF WILLIAMS CREEK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle And Highway	Local Roads And Streets	Landscaping Fund	Rainy Day Fund	Payroll	Totals
Cash and investments - beginning	\$ 1,158	\$ -	\$ 8,569	\$ 1,570	\$ 26,866	\$ -	\$ 38,163
Receipts:							
Taxes	105,203	-	-	-	-	-	105,203
Intergovernmental	30,003	11,898	7,521	-	-	-	49,422
Fines and forfeits	705	-	-	-	-	-	705
Other receipts	12,021	-	-	650	14,143	75,835	102,649
Total receipts	<u>147,932</u>	<u>11,898</u>	<u>7,521</u>	<u>650</u>	<u>14,143</u>	<u>75,835</u>	<u>257,979</u>
Disbursements:							
Personal services	75,875	-	-	-	-	-	75,875
Supplies	4,085	697	-	-	-	-	4,782
Other services and charges	10,975	6,079	12,160	-	-	-	29,214
Other disbursements	16,253	5,122	2,782	-	-	75,835	99,992
Total disbursements	<u>107,188</u>	<u>11,898</u>	<u>14,942</u>	<u>-</u>	<u>-</u>	<u>75,835</u>	<u>209,863</u>
Excess (deficiency) of receipts over disbursements	<u>40,744</u>	<u>-</u>	<u>(7,421)</u>	<u>650</u>	<u>14,143</u>	<u>-</u>	<u>48,116</u>
Cash and investments - ending	<u>\$ 41,902</u>	<u>\$ -</u>	<u>\$ 1,148</u>	<u>\$ 2,220</u>	<u>\$ 41,009</u>	<u>\$ -</u>	<u>\$ 86,279</u>

TOWN OF WILLIAMS CREEK
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Motor Vehicle And Highway	Local Roads And Streets	Rainy Day Fund	Landscaping Fund	Payroll	Totals
Cash and investments - beginning	\$ 41,902	\$ -	\$ 1,148	\$ 41,009	\$ 2,220	\$ -	\$ 86,279
Receipts:							
Taxes	82,461	-	-	-	-	-	82,461
Intergovernmental	4,256	12,005	7,303	-	-	-	23,564
Fines and forfeits	325	-	-	-	-	-	325
Other receipts	23,678	-	15,337	10,241	500	70,236	119,992
Total receipts	<u>110,720</u>	<u>12,005</u>	<u>22,640</u>	<u>10,241</u>	<u>500</u>	<u>70,236</u>	<u>226,342</u>
Disbursements:							
Personal services	70,355	-	-	-	-	-	70,355
Supplies	3,100	778	-	-	-	-	3,878
Other services and charges	15,495	-	23,788	-	-	-	39,283
Other disbursements	10,241	11,227	-	15,336	-	70,236	107,040
Total disbursements	<u>99,191</u>	<u>12,005</u>	<u>23,788</u>	<u>15,336</u>	<u>-</u>	<u>70,236</u>	<u>220,556</u>
Excess (deficiency) of receipts over disbursements	<u>11,529</u>	<u>-</u>	<u>(1,148)</u>	<u>(5,095)</u>	<u>500</u>	<u>-</u>	<u>5,786</u>
Cash and investments - ending	<u>\$ 53,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,914</u>	<u>\$ 2,720</u>	<u>\$ -</u>	<u>\$ 92,065</u>

TOWN OF WILLIAMS CREEK
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BONDS

The Clerk-Treasurer for the Town was not properly bonded during the examination period. The Clerk-Treasurer was bonded for \$8,500 each year of the period and should have been bonded for no less than \$30,000. Additionally, the bond for the period of December 31, 2010 to December 31, 2011, was not on file at the County Recorder's office. A similar comment appeared in prior Report B36979.

Indiana Code 5-4-1-18 (h) Notwithstanding subsection (c), the state board of accounts may fix the amount of the bond for a city controller, city clerk-treasurer, town clerk-treasurer, Barrett Law fund custodian, county treasurer, county sheriff, circuit court clerk, township trustee, or conservancy district financial clerk at an amount that exceeds 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. However, the bond amount may not exceed three hundred thousand dollars (\$300,000). An increased bond amount may be established under this subsection only if the state examiner issues a report under IC 5-11-5-1 that includes a finding that the officer engaged in malfeasance, misfeasance, or nonfeasance that resulted in the misappropriation of, diversion of, or inability to account for public funds.

Indiana Code 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. . . ."

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. The Town should have available an optical image of the front and backside of the checks. A similar comment appeared in Report B36979.

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

". . . '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 . . . "

TOWN OF WILLIAMS CREEK
EXAMINATION RESULTS AND COMMENTS
(Continued)

Furthermore, 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)."

COUNCIL PRESIDENT

The same Council President was in place during the entire examination period without an election of officers. However, a new President was elected as of January 2013. A similar comment appeared in several prior reports, most recently B36979.

The legislative body shall select one (1) of its members to be its president for a definite term, which may not exceed his term of office as a member of the legislative body. [IC 36-5-2-7]

TOWN OF WILLIAMS CREEK
EXIT CONFERENCE

The contents of this report were discussed on March 13, 2013, with Robert Parrin, Clerk-Treasurer.