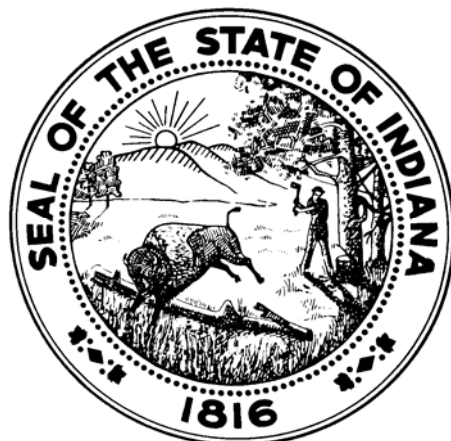


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
TOWN OF KNIGHTSVILLE  
CLAY COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
7/21/06



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Charlotte Reyher	01-01-04 to 12-31-07
President of the Town Council	Steve Withers	01-01-04 to 12-31-06
Superintendent of Water Utility	Linda Minnick	01-01-04 to 12-31-06



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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Knightsville (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 15, 2006

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, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 29,791	\$ 75,701	\$ 56,437	\$ 49,055
Motor Vehicle Highway	23,146	19,544	12,186	30,504
Local Road and Street	4,883	4,126	2,000	7,009
Park and Recreation	6,085	5,000	5,074	6,011
Law Enforcement Continuing Education	-	155	-	155
Riverboat	2,546	3,935	-	6,481
Rainy Day	-	3,797	-	3,797
Cumulative Capital Improvement	8,970	2,328	5,912	5,386
Cumulative Capital Development	10,250	6,381	12,871	3,760
Proprietary Funds:				
Water Utility - Operating	51,093	130,052	131,198	49,947
Water Utility - Bond and Interest	931	-	-	931
Water Utility - Depreciation	10,328	4,000	5,042	9,286
Water Utility - Customer Deposit	5,273	405	1,343	4,335
Totals	<u>\$ 153,296</u>	<u>\$ 255,424</u>	<u>\$ 232,063</u>	<u>\$ 176,657</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 49,055	\$ 61,315	\$ 54,352	\$ 56,018
Motor Vehicle Highway	30,504	19,105	10,370	39,239
Local Road and Street	7,009	4,128	-	11,137
Park and Recreation	6,011	5,094	5,542	5,563
Law Enforcement Continuing Education	155	165	-	320
Riverboat	6,481	3,935	2,218	8,198
Rainy Day	3,797	-	1,120	2,677
Cumulative Capital Improvement	5,386	1,929	3,173	4,142
Cumulative Capital Development	3,760	6,235	4,758	5,237
Proprietary Funds:				
Water Utility - Operating	49,947	131,752	131,469	50,230
Water Utility - Bond and Interest	931	-	-	931
Water Utility - Depreciation	9,286	4,000	-	13,286
Water Utility - Customer Deposit	4,335	600	240	4,695
Totals	<u>\$ 176,657</u>	<u>\$ 238,258</u>	<u>\$ 213,242</u>	<u>\$ 201,673</u>

The accompanying notes are an integral part of the schedules.

TOWN OF KNIGHTSVILLE  
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, public improvements, general administrative services, and water.

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.

Note 6. Long-Term Debt

The Town has entered into a loan for Water Distribution System Improvements. The outstanding principal at December 31, 2005, was \$20,850.

TOWN OF KNIGHTSVILLE  
EXAMINATION RESULT AND COMMENT

PRESCRIBED FORMS - TOWN

General Receipt Form (Form 352) was not used in the prescribed manner.

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 KNIGHTSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2006, with Charlotte Reyher, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 8.

Town of Knightsville  
PO Box 167  
Knightsville IN 47857-0167

June 15, 2006

To Whom It May Concern:

I would like to respond to the comment concerning prescribed forms.

Boyce charges to pre-number the forms.

My intentions were/are to save the town money whenever possible.

Sincerely,

  
Charlotte Reyher  
Town of Knightsville  
Clerk-Treasurer