

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

EXAMINATION REPORT  
OF  
TOWN OF SANDBORN  
KNOX COUNTY, INDIANA  
January 1, 2004 to December 31, 2005



**FILED**  
12/19/2006



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda J. Hancock	01-01-04 to 12-31-07
President of the Town Council	Leota Brinson	01-01-04 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SANDBORN, KNOX COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Sandborn, 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

October 11, 2006

TOWN OF SANDBORN  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY 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	\$ 4,036	\$ 64,173	\$ 68,478	\$ (269)
Motor Vehicle Highway	2,775	18,369	16,644	4,500
Local Road and Street	5,633	2,717	669	7,681
Park and Recreation	384	5,380	2,275	3,489
Park Non-Reverting	5,468	7,667	8,115	5,020
Community Building Expense	3,944	7,245	9,800	1,389
Rainy Day	3,544	2,807	6,109	242
Cumulative Capital Improvement	3,716	1,683	3,531	1,868
Cumulative Economic Development Income Tax	612	18,625	7,320	11,917
Citizens Patrol	787	-	-	787
Proprietary Funds:				
Water Utility - Operating	14,209	78,977	82,339	10,847
Water Utility - Customer Deposit	6,499	910	595	6,814
Fiduciary Fund:				
Payroll	2,184	61,804	61,915	2,073
Totals	<u>\$ 53,791</u>	<u>\$ 270,357</u>	<u>\$ 267,790</u>	<u>\$ 56,358</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ (269)	\$ 88,062	\$ 52,525	\$ 35,268
Motor Vehicle Highway	4,500	28,666	17,152	16,014
Local Road and Street	7,681	9,694	8,062	9,313
Park and Recreation	3,489	6,548	3,473	6,564
Park Non-Reverting	5,020	5,524	3,729	6,815
Community Building Expense	1,389	6,327	6,828	888
Rainy Day	242	2,400	-	2,642
Cumulative Capital Improvement	1,868	1,394	32	3,230
Cumulative Economic Development Income Tax	11,917	6,052	17,175	794
Citizens Patrol	787	-	-	787
Proprietary Funds:				
Water Utility - Operating	10,847	120,451	119,403	11,895
Water Utility - Customer Deposit	6,814	750	4,069	3,495
Fiduciary Fund:				
Payroll	2,073	63,340	63,304	2,109
Totals	<u>\$ 56,358</u>	<u>\$ 339,208</u>	<u>\$ 295,752</u>	<u>\$ 99,814</u>

The accompanying notes are an integral part of the schedules.

TOWN OF SANDBORN  
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, 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.

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 two loans. One loan was for the purchase of land for the Water Utility and the other loan was for Water Utility improvements. The outstanding principal at December 31, 2005, was \$38,202 and \$101,846, respectively.

Note 7. Subsequent Event

In 2005, a CDBG grant was approved for \$500,000, a STAG grant for \$500,000 and a Rural Development Grant of \$762,000. All the grants will be used for the construction of a Wastewater Treatment Plant.

TOWN OF SANDBORN  
EXAMINATION RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and 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)

PRESCRIBED FORMS

The following prescribed or approved form was not always in use: City and Town Form 211, Capital Assets Ledger.

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 SANDBORN  
EXIT CONFERENCE

The contents of this report were discussed on October 11, 2006, with Linda J. Hancock, Clerk-Treasurer. The official concurred with our findings.