

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

EXAMINATION REPORT

OF

TOWN OF FLORA

CARROLL COUNTY, INDIANA

January 1, 2006 to December 31, 2006



**FILED**

08/08/2007



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Joretta L. Tinsman	01-01-04 to 12-31-07
President of the Town Council	Joshua S. Ayres	01-01-06 to 12-31-07
Wastewater Superintendent	William L. McCarty	01-01-06 to 12-31-07
Utility Manager	Charles Everett	01-01-06 to 12-31-07
Utility Foreman	Theodore Donaho	01-01-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FLORA, CARROLL COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Flora (Town), for the period of January 1, 2006 to December 31, 2006. 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 year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 23, 2007

TOWN OF FLORA  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
<b>Governmental Funds:</b>				
General	\$ 1,392,662	\$ 1,291,330	\$ 1,020,544	\$ 1,663,448
Motor Vehicle Highway	10,977	135,369	88,982	57,364
Local Road and Street	5,997	8,738	13,500	1,235
Law Enforcement Continuing Education	42,325	6,220	4,200	44,345
Riverboat	14,621	14,014	14,043	14,592
Rainy Day	77,956	53,278	-	131,234
Carroll Communities Recycling Cooperative	16,368	66,742	81,082	2,028
Economic Development Income Tax	95,169	34,588	8,983	120,774
Cumulative Capital Improvement	30,348	9,726	-	40,074
Cumulative Capital Development	198,225	27,807	-	226,032
Cumulative Sewer	96,910	52,451	26,288	123,073
<b>Proprietary Funds:</b>				
Water Utility - Operating	15,840	357,885	358,105	15,620
Water Utility - Bond and Interest	115,332	176,760	172,034	120,058
Water Utility - Depreciation	9,184	7,440	5,510	11,114
Water Utility - Customer Deposit	16,284	2,364	2,620	16,028
Wastewater Utility - Operating	75,313	564,256	561,970	77,599
Wastewater Utility - Bond and Interest	387,005	468,178	449,196	405,987
Wastewater Utility - Depreciation	18,870	28,953	43,844	3,979
Wastewater Utility - Customer Deposit	24,179	3,560	3,420	24,319
Electric Utility - Operating	255,204	1,803,305	1,779,388	279,121
Electric Utility - Depreciation	80,012	15,821	11,126	84,707
Electric Utility - Customer Deposit	61,271	12,700	12,166	61,805
Electric Utility - Cash Reserve	1,150	15,000	15,000	1,150
<b>Fiduciary Fund:</b>				
Payroll	8,301	766,396	766,109	8,588
<b>Totals</b>	<u>\$ 3,049,503</u>	<u>\$ 5,922,881</u>	<u>\$ 5,438,110</u>	<u>\$ 3,534,274</u>

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

TOWN OF FLORA  
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 FLORA  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

TOWN OF FLORA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2006

Description of Debt	Ending Balance	Due Within One Year
<b>Business-type Activities:</b>		
Water Utility		
Revenue bonds:		
2000 Improvement and Construction	\$ 946,000	\$ 28,000
Wastewater Utility		
Revenue bonds:		
1993 Improvement and Construction	370,000	45,000
1999 Improvement and Construction	2,149,000	98,000
Total Wastewater Utility	2,519,000	143,000
Total business-type activities long-term debt:	\$ 3,465,000	\$ 171,000

TOWN OF FLORA  
EXAMINATION RESULTS AND COMMENTS

RECORD INFORMATION - CARROLL COMMUNITIES RECYCLING COOPERATIVE

Carroll Communities Recycling Cooperative (CCRC) was established by an interlocal agreement (originally entered into in 2000, amended in 2005) between the Town of Burlington, the Town of Flora and the City of Delphi. The Town of Flora is responsible for maintaining the records for the CCRC. For the period April 1, 2001 through July 31, 2006, there were no prescribed/approved records maintained for the CCRC.

The following conditions were noted:

- (1) There were no official board minutes maintained to document official actions approved regarding the CCRC. There was no: record of wages, leave policies, or benefits approved (one employee); record of claims or expenses approved; no record of appointment of fiscal officer or change therein; record of agreement of each participant's share of program costs.
- (2) No official/formal financial records or reports were maintained. A simplified check register showing deposits, checks issued, and a running balance was maintained, with monthly bank reconcilements to the running balance as maintained.
- (3) No general claim forms were maintained. Paid receipts were available, but there was no indication of any type of board review or approval.
- (4) Unit has separate tax identification numbers for payroll and payroll withholding purposes; however, copies of tax reports were not always maintained by and available from the unit. No record of days or hours worked was presented for review. No record of leave time earned or taken was presented for review. Payroll reported (941 forms and W-2's) was wages earned during year, not actual wages paid during the year.

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)

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)

CAPITAL ASSET RECORDS

The Town and Utilities do not maintain sufficient detailed records of capital assets. Upon purchase, the costs of the capital assets for Utilities are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the capital assets are not available. The records classifying and summarizing the capital assets are also not available. There are no purchase or deletion dates found on the inventory listings to determine activity for the audit period. There is also no detail for deletions or disposals of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FLORA  
EXIT CONFERENCE

The contents of this report were discussed on July 23, 2007, with Joretta L. Tinsman, Clerk-Treasurer; and Joshua S. Ayres, President of the Town Council. The officials concurred with our findings.