

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

EXAMINATION REPORT

OF

TOWN OF STATE LINE CITY

WARREN COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
10/30/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lela Fowler	01-01-04 to 12-31-07
President of the Town Council	Russell E. Rudolph	01-01-05 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 STATE LINE CITY, WARREN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of State Line City (Town), for the period of January 1, 2005 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 years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, 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

September 5, 2007

TOWN OF STATE LINE CITY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 7,437	\$ 30,410	\$ 26,894	\$ 10,953
Motor Vehicle Highway	20,839	4,304	818	24,325
Local Road and Street	7,395	863	-	8,258
County Economic Development Income Tax	8,373	2,093	-	10,466
Park and Recreation	2,094	450	-	2,544
Cumulative Capital Improvement	3,833	436	-	4,269
Cumulative Capital Development	10,824	1,657	5,882	6,599
Storm Sewer Construction	17,600	-	505	17,095
Levy Excess	-	548	-	548
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 78,395</u>	<u>\$ 40,761</u>	<u>\$ 34,099</u>	<u>\$ 85,057</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 10,953	\$ 42,548	\$ 26,851	\$ 26,650
Motor Vehicle Highway	24,325	5,182	-	29,507
Local Road and Street	8,258	837	-	9,095
County Economic Development Income Tax	10,466	2,252	1,233	11,485
Park and Recreation	2,544	290	-	2,834
Cumulative Capital Improvement	4,269	504	-	4,773
Cumulative Capital Development	6,599	2,369	1,406	7,562
Storm Sewer Construction	17,095	-	159	16,936
Levy Excess	548	-	548	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 85,057</u>	<u>\$ 53,982</u>	<u>\$ 30,197</u>	<u>\$ 108,842</u>

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

TOWN OF STATE LINE CITY
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: highways and streets, 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 STATE LINE CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,500
Buildings	40,270
Improvements other than buildings	1,025
Machinery and equipment	<u>1,493</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 44,288</u></u>

TOWN OF STATE LINE CITY
EXAMINATION RESULT AND COMMENT

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Cumulative Capital Development	2005	<u>\$ 250</u>

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF STATE LINE CITY
EXIT CONFERENCE

The contents of this report were discussed on September 5, 2007, with Lela Fowler, Clerk-Treasurer. The official concurred with our finding.