

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

EXAMINATION REPORT
OF
TOWN OF ROANOKE
HUNTINGTON COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
12/19/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	JoAnne Kirchner	01-01-04 to 12-31-07
President of the Town Council	Edward Coy Jon Goetz (Interim) Perry Collins John R. Stoeckley	01-01-05 to 08-22-05 08-23-05 to 11-07-05 11-08-05 to 07-02-07 07-03-07 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 ROANOKE, HUNTINGTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Roanoke (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 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

October 31, 2007

TOWN OF ROANOKE
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, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 215,442	\$ 558,908	\$ 568,807	\$ 205,543
Motor Vehicle Highway	238,280	138,853	300,708	76,425
Local Road and Street	45,283	7,159	38,091	14,351
Park and Recreation	48,259	29,143	51,422	25,980
Law Enforcement Continuing Education	2,143	657	906	1,894
Roanoke Development Revolving	62,591	2,172	-	64,763
Record Perpetuation	5,657	7,321	12,116	862
Police Block Grant	714	-	-	714
Rainy Day	10,253	5,000	3,000	12,253
Sanitation	2,502	53,569	47,955	8,116
Levy Excess	475	4,871	-	5,346
Cumulative Capital Improvement	17,814	4,620	19,199	3,235
Cumulative Capital Development	128,109	53,503	45,716	135,896
Cumulative Building and Fire Fighting Equipment	63,061	12,148	131	75,078
Proprietary Funds:				
Water Utility - Operating	442,811	625,695	544,161	524,345
Water Utility - Bond and Interest	5,534	-	-	5,534
Water Utility - Debt Reserve	17,420	-	-	17,420
Water Utility - Customer Deposit	34,764	7,343	6,569	35,538
Wastewater Utility - Operating	426,221	292,859	337,290	381,790
Wastewater Utility - Bond and Interest	9,000	80,215	79,215	10,000
Wastewater Utility - Debt Reserve	83,762	-	-	83,762
Fiduciary Funds:				
Park Donation	9,982	3,469	-	13,451
First Responders	1,000	-	-	1,000
Fire Department Building Donation	-	400	-	400
Police Donation	1,159	7,622	5,469	3,312
Payroll	2,442	419,264	419,016	2,690
County Court Costs	3,490	55,362	55,352	3,500
User Fee	22,714	10,734	3,354	30,094
Town Court	11,423	611,548	608,879	14,092
Court Deferral	-	70,250	70,250	-
Totals	<u>\$ 1,912,305</u>	<u>\$ 3,062,685</u>	<u>\$ 3,217,606</u>	<u>\$ 1,757,384</u>

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

TOWN OF ROANOKE
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
Governmental Funds:				
General	\$ 205,543	\$ 555,622	\$ 599,795	\$ 161,370
Motor Vehicle Highway	76,425	166,339	141,059	101,705
Local Road and Street	14,351	6,995	4,536	16,810
Park and Recreation	25,980	41,387	45,308	22,059
Law Enforcement Continuing Education	1,894	1,106	786	2,214
Roanoke Development Revolving	64,763	3,289	14,955	53,097
Record Perpetuation	862	7,952	5,932	2,882
Police Block Grant	714	-	156	558
Rainy Day	12,253	5,000	-	17,253
Sanitation	8,116	55,109	58,514	4,711
Levy Excess	5,346	-	-	5,346
Cumulative Capital Improvement	3,235	5,341	1,396	7,180
Cumulative Capital Development	135,896	60,148	153,029	43,015
Cumulative Building and Fire Fighting Equipment	75,078	12,717	15,000	72,795
Proprietary Funds:				
Water Utility - Operating	524,345	642,493	662,439	504,399
Water Utility - Bond and Interest	5,534	-	-	5,534
Water Utility - Debt Reserve	17,420	-	-	17,420
Water Utility - Customer Deposit	35,538	7,482	4,594	38,426
Wastewater Utility - Operating	381,790	340,776	292,977	429,589
Wastewater Utility - Bond and Interest	10,000	82,875	81,875	11,000
Wastewater Utility - Debt Reserve	83,762	-	-	83,762
Fiduciary Funds:				
Park Donation	13,451	4,915	710	17,656
First Responders	1,000	-	-	1,000
Fire Department Building Donation	400	24	-	424
Police Donation	3,312	10,189	11,575	1,926
Payroll	2,690	442,904	442,844	2,750
County Court Costs	3,500	62,286	60,858	4,928
User Fee	30,094	11,763	14,208	27,649
Town Court	14,092	720,566	714,010	20,648
Court Deferral	-	59,880	59,880	-
Totals	<u>\$ 1,757,384</u>	<u>\$ 3,307,158</u>	<u>\$ 3,386,436</u>	<u>\$ 1,678,106</u>

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

TOWN OF ROANOKE
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, highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

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 ROANOKE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2006

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ <u>138,496</u>	\$ <u>53,233</u>
Business-type Activities:		
Wastewater Utility		
Revenue bonds:		
1995 Wastewater construction	\$ <u>515,000</u>	\$ <u>14,612</u>

TOWN OF ROANOKE
EXAMINATION RESULTS AND COMMENTS

TRANSACTION RECORDING

During 2006, the Town received a \$2,200 check from the State of Indiana for a grant. The check was subsequently endorsed by the Clerk-Treasurer and forwarded to a vendor for payment of an invoice. These transactions were not recorded on the Town's records.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

Capital asset records of the Town and the Utilities were incomplete. The only capital asset record maintained was an inventory listing of equipment on hand at year end that was maintained by each department. Some inventory listings did not include the cost of the asset. A similar comment appeared in prior Report B25762.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. 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)

SUPPORTING DOCUMENTATION

Ten percent (10%) of the claims tested did not contain adequate supporting documentation. There were no invoices or receipts attached to the claims. Due to the lack of supporting information, the validity and accountability of some money disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS TAX

The annual tax return (form URT) was not prepared or filed with the Indiana Department of Revenue for the years 2005 and 2006. A similar comment appeared in prior Report B25762.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROANOKE
EXAMINATION RESULTS AND COMMENTS
(Continued)

RAINY DAY FUND EXPENDITURES

During 2005, the Town purchased a used police car for \$3,000 which was paid from the Town's Rainy Day Fund. No budget was established for this expenditure. A similar comment appeared in prior Report B25762.

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."

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. A similar comment appeared in prior Report B25762.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

(1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

(A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty.

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

TOWN OF ROANOKE
EXAMINATION RESULTS AND COMMENTS
(Continued)

CHANGE ORDER

During 2006, a public works contract for \$84,093 was awarded to a vendor for a water and waste-water extension project. During construction, the scope of the project was changed resulting in an increase of the contract by \$29,856 or 36%.

The total of all change orders issued that increase the scope of the project may not exceed 20% of the amount of the original contract. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROANOKE
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2007, with JoAnne Kirchner, Clerk-Treasurer; and John R. Stoeckley, President of the Town Council. The officials concurred with our findings.