

**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, 2007 to December 31, 2008



**FILED**  
10/29/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Joretta L. Tinsman	01-01-04 to 12-31-11
President of the Town Council	Joshua S. Ayres	01-01-07 to 12-31-09
Utility Manager	Charles Everett	01-01-07 to 12-31-09
Wastewater Utility Foreman	William L. McCarty	01-01-07 to 12-31-09
Water and Electric Utilities Foreman	Theodore Donoho	01-01-07 to 12-31-09



**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, 2007 to December 31, 2008. 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, 2007 and 2008, 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

September 30, 2009

TOWN OF FLORA  
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, 2007 And 2008

	Cash and Investments			Cash and Investments
	01-01-07	Receipts	Disbursements	
<b>Governmental Funds:</b>				
General	\$ 1,663,448	\$ 712,119	\$ 949,126	\$ 1,426,441
Motor Vehicle Highway	57,364	117,004	154,581	19,787
Local Road and Street	1,235	8,824	10,000	59
Law Enforcement Continuing Education	44,345	2,548	3,751	43,142
Riverboat	14,592	14,043	14,014	14,621
Rainy Day	131,234	57,835	-	189,069
Carroll Communities Recycling Cooperative	2,028	92,134	62,006	32,156
Economic Development Income Tax	120,774	34,304	145,000	10,078
Cumulative Capital Improvement	40,074	7,822	7,565	40,331
Cumulative Capital Development	226,032	11,793	14,378	223,447
Cumulative Sewer	123,073	24,344	27,385	120,032
<b>Proprietary Funds:</b>				
Water Utility - Operating	15,620	353,131	337,817	30,934
Water Utility - Bond and Interest	120,058	165,745	168,339	117,464
Water Utility - Depreciation	11,114	10,304	14,850	6,568
Water Utility - Customer Deposit	16,028	2,840	2,000	16,868
Wastewater Utility - Operating	77,599	562,768	558,531	81,836
Wastewater Utility - Bond and Interest	405,987	469,047	449,122	425,912
Wastewater Utility - Depreciation	3,979	8,815	10,003	2,791
Wastewater Utility - Customer Deposit	24,319	4,200	3,000	25,519
Electric Utility - Operating	279,121	1,777,579	1,743,612	313,088
Electric Utility - Depreciation	84,707	17,346	-	102,053
Electric Utility - Customer Deposit	61,805	14,850	10,600	66,055
Electric Utility - Cash Reserve	1,150	15,000	15,000	1,150
<b>Fiduciary Fund:</b>				
Payroll	8,588	819,747	819,544	8,791
<b>Totals</b>	<b>\$ 3,534,274</b>	<b>\$ 5,304,142</b>	<b>\$ 5,520,224</b>	<b>\$ 3,318,192</b>

  

	Cash and Investments			Cash and Investments
	01-01-08	Receipts	Disbursements	
<b>Governmental Funds:</b>				
General	\$ 1,426,441	\$ 1,124,215	\$ 975,854	\$ 1,574,802
Motor Vehicle Highway	19,787	111,062	90,889	39,960
Local Road and Street	59	8,204	8,000	263
Law Enforcement Continuing Education	43,142	12,750	13,249	42,643
Riverboat	14,621	13,970	14,574	14,017
Rainy Day	189,069	81,302	-	270,371
Carroll Communities Recycling Cooperative	32,156	93,763	65,115	60,804
Economic Development Income Tax	10,078	34,996	9,740	35,334
Cumulative Capital Improvement	40,331	7,242	-	47,573
Cumulative Capital Development	223,447	27,048	-	250,495
Cumulative Sewer	120,032	53,805	60,299	113,538
<b>Proprietary Funds:</b>				
Water Utility - Operating	30,934	357,462	372,467	15,929
Water Utility - Bond and Interest	117,464	166,334	171,779	112,019
Water Utility - Depreciation	6,568	6,501	6,548	6,521
Water Utility - Customer Deposit	16,868	3,000	2,340	17,528
Wastewater Utility - Operating	81,836	565,014	561,715	85,135
Wastewater Utility - Bond and Interest	425,912	458,367	457,458	426,821
Wastewater Utility - Depreciation	2,791	4,810	-	7,601
Wastewater Utility - Customer Deposit	25,519	4,320	3,390	26,449
Electric Utility - Operating	313,088	1,910,252	1,889,910	333,430
Electric Utility - Depreciation	102,053	74,116	73,136	103,033
Electric Utility - Customer Deposit	66,055	15,125	12,368	68,812
Electric Utility - Cash Reserve	1,150	15,000	15,000	1,150
<b>Fiduciary Fund:</b>				
Payroll	8,791	860,951	860,156	9,586
<b>Totals</b>	<b>\$ 3,318,192</b>	<b>\$ 6,009,609</b>	<b>\$ 5,663,987</b>	<b>\$ 3,663,814</b>

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).

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  
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
2000 Improvement and Construction	\$ 832,000	\$ 83,693
Wastewater Utility:		
Revenue bonds:		
1993 Improvement and Construction	275,000	64,300
1999 Improvement and Construction	1,953,000	159,637
Total Wastewater Utility	2,228,000	223,937
Total business-type activities debt	\$ 3,060,000	\$ 307,630

TOWN OF FLORA  
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

The Town and Utilities do not maintain sufficient detailed records of capital assets. Upon purchase, the costs of the capital assets 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 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 examination period. There is also no detail for deletions or disposals of capital assets. A similar comment was in the prior Report B30319.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the 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)

TOWN OF FLORA  
EXIT CONFERENCE

The contents of this report were discussed on September 30, 2009, with Joretta L. Tinsman, Clerk-Treasurer. The official concurred with our finding.