

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

EXAMINATION REPORT
OF
TOWN OF FOWLERTON
GRANT COUNTY, INDIANA
January 1, 2007 to December 31, 2008



FILED
12/08/2009

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah A. Smith	01-01-04 to 02-11-08
	Vacant	02-12-08 to 02-20-08
	Donna F.M. Davis	02-21-08 to 12-31-11
President of the Town Council	Joe T. Seward	01-01-07 to 12-31-09



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FOWLERTON, GRANT COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Fowlerton (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 Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 19, 2009

TOWN OF FOWLERTON
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 190,724	\$ 51,807	\$ 16,415	\$ 226,116
Motor Vehicle Highway	87,493	10,993	16,020	82,466
Local Road and Street	64,450	3,187	-	67,637
Sanitation	1,612	10,627	10,440	1,799
Rainy Day	37,847	1,090	-	38,937
Fire	11,338	142	-	11,480
Cumulative Capital Improvement	29,237	1,047	-	30,284
Proprietary Funds:				
Wastewater Utility - Operating	51,730	67,807	49,551	69,986
Wastewater Utility - Bond and Interest	3,351	5,100	5,095	3,356
Wastewater Utility - Debt Service	1,247	516	-	1,763
Wastewater Utility - Construction	1,006	93,000	92,800	1,206
Totals	<u>\$ 480,035</u>	<u>\$ 245,316</u>	<u>\$ 190,321</u>	<u>\$ 535,030</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 226,116	\$ 50,383	\$ 28,921	\$ 247,578
Motor Vehicle Highway	82,466	8,306	800	89,972
Local Road and Street	67,637	2,954	-	70,591
Sanitation	1,799	10,234	10,830	1,203
Rainy Day	38,937	426	-	39,363
Fire	11,480	126	-	11,606
Cumulative Capital Improvement	30,284	969	-	31,253
Proprietary Funds:				
Wastewater Utility - Operating	69,986	67,110	40,582	96,514
Wastewater Utility - Bond and Interest	3,356	5,100	5,050	3,406
Wastewater Utility - Debt Service	1,763	516	-	2,279
Wastewater Utility - Construction	1,206	98,700	99,906	-
Totals	<u>\$ 535,030</u>	<u>\$ 244,824</u>	<u>\$ 186,089</u>	<u>\$ 593,765</u>

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

TOWN OF FOWLERTON
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 (police and fire), highways and streets, culture and recreation, general administrative services, and wastewater.

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 FOWLERTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2008

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 completed in the current year has been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,801
Infrastructure	26,519
Buildings	19,026
Machinery and equipment	<u>4,535</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 53,881</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 55,060
Buildings	271,337
Improvements other than buildings	1,750,284
Machinery and equipment	<u>226,656</u>
Total Wastewater Utility capital assets	<u>\$ 2,303,337</u>

TOWN OF FOWLERTON
 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:		
Wastewater Utility:		
Loan payable:		
Construction loan	\$ <u>89,000</u>	\$ <u>5,005</u>

TOWN OF FOWLERTON
EXAMINATION RESULT AND COMMENT

ORDINANCES AND RESOLUTIONS

On July 12, 2004, the Town Council adopted Ordinance 7-2004, concerning Wastewater rates and charges to be collected. The Ordinance established an interim charge of \$22.00 per month during construction of the project and, upon completion of the Wastewater project, a flat rate of \$44.80 per month "for any lot, parcel of real estate or building to be connected or connected with the Town's sanitary sewage system". After completion of the project in October 2005, unoccupied residential and commercial properties continued to pay the interim rate of \$22.00 per month. The number of unoccupied properties each month ranged from 20 to 27. A similar comment appeared in prior Report B30491.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FOWLERTON
EXIT CONFERENCE

The contents of this report were discussed on October 19, 2009, with Donna F.M. Davis, Clerk-Treasurer; and Joe T. Seward, President of the Town Council. The official response has been made a part of this report and may be found on pages 10 through 13.

Town Of Fowlerton

Joe T. Seward-Town Council President
James E. Thomason-Town Council Member
Phillip Burton-Town Council Member
Donna F.M. Davis-Clerk-Treasurer
officephone@frontiernet.net

109 N. Leach Avenue
Telephone # 948-4636
Fax # 765-948-3571
P.O. Box 95


October 26, 2009

Mr. Gary Dewitt,

The Town of Fowlerton made note in the town council meeting August 13, 2007 of the Auditor's comments about the ½ rate fee charged to vacant properties (minutes included). Then Clerk-Treasurer Deb Smith proceeded to inquire as to how to amend the ordinance to include the ½ rate fee. The Town Attorney drafted a letter to Rural Development for their input into the situation. The attorney and the town council received a reply (letter included) this letter has not satisfied our attorney. The Ordinance reads that the rate is established in order to produce an amount sufficient to meet the interest on the Bond, the debt service reserve and other expenses are being maintained this is the base for the keeping the of the ½ rate on vacant properties instead of the full rate charged to occupied account customers. The council feels we have an amount in our operating fund enough to make a principle payment to sufficiently reduce our debt to Rural Development.

We have not followed up on the amendment to the Ordinance because then C-T Deb Smith died suddenly (2-11-2007) while in office and I did not realize that this was an action that I needed to handle until our auditor brought to my attention. Our attorney will be contacted to advise our office as to how to proceed. This is the information used by the Town Council for their action on this matter. Thank you for your time in this matter.

Sincerely,


DONNA FM DAVIS
Clerk-Treasurer
Town of Fowlerton



United States Department of Agriculture
Rural Development • North Vernon Area Office

February 15, 2008

Town of Fowlerton
Attn. Joe Seward, President
129 N. Leach Ave.
Fowlerton, IN 46930-0065

RE: Question on Rate Structure for Unoccupied Homes

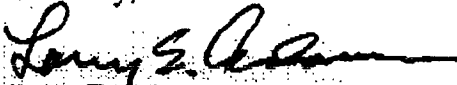
Dear Mr. Seward:

This letter is to communicate the answer to your question posed to me on February 7th at our meeting, regarding the Town's desire to decrease the sewer rate charge for unoccupied homes in the Town.

The Town can change the rate structure as long as it is done in accordance with Indiana state law, the Town continues to receive adequate revenue to fund Operating and Maintenance costs, Debt Service and Debt Service Reserves, and Reserves for Short lived Assets replacement needs and does not discriminate against any specific group of individuals. Based on these factors, you probably need to consult your Attorney and you will need to follow the correct process of adopting a new user rate ordinance.

Thanks again for the opportunity to assist the Town on this project!

Sincerely,


Larry E. Adams,
Area Specialist

2600 North State Highway 7 • North Vernon, IN 47265-7188
Phone: (812) 346-8411 ext 4 • Fax: (812) 346-8154 • TDD: (812) 290-3346 • Web: <http://www.rurdev.usda.gov/in>

Committed to the future of rural communities.

Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to
USDA, Director, Office of Civil Rights, Washington, DC 20250-9410.

August 13th, 2007
Town Board Meeting

The Fowlerton Town Council met in regular session at the Town Office. Those present were President Joe Seward, council members Donna Davis and Janet Mitchener and Deb Smith C-T.

Old Business:

1. Joe Downan's dogs
2. Merry-go-round at park in need of repair
3. Manhole in need of repair
4. Rev. Snow paid 2 mo. Rent
5. Paul Schache requesting to close alley and build new home and new garage.

New Business:

The 2008 Budget was presented and reviewed by the council and those present. There were no objections to the 2008 Budget. There will be a meeting on August 27th, 2007 to adopt the 2008 Annual Budget.

The manhole at 3rd and Leach needs to be closed.

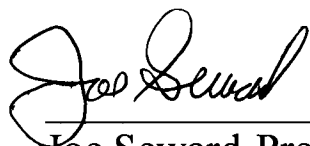
President Joe Seward says he is talking to the Grant County Highway Dept about chipping and sealing the roads in Fowlerton.

X The State Auditor has completed the audit of the 2005 and 2006 Town records. She was here 10 days and an exit conference will be scheduled at a later date. She did say there would be one comment. The town has been ½ rate billing on vacant properties

since the start of operations at the wastewater treatment plant. The billing ordinance does not allow this. The council will need to amend the ordinance to allow the town to ½ rate bill on vacant properties or start charging full rate \$44.80 each month.

President Joe Seward presented a statement for a replacement blower at the plant. He said the bill should be between \$1300.00 and \$1400.00 and to pay it when it comes.

Vouchers were presented, reviewed and approved. With all business completed council member Donna Davis made a motion to adjourn and council member Janet Mitchener seconded the motion. With all members in agreement the meeting was closed.



Joe Seward-President

Deb Smith C-T