

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

EXAMINATION REPORT

OF

TOWN OF FOWLER

BENTON COUNTY, INDIANA

January 1, 2008 to December 31, 2009



FILED
10/27/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kathleen Schwartz	01-01-08 to 12-31-11
President of the Town Council	Gerald T. Parker Linda Brouillette	01-01-08 to 12-31-09 01-01-10 to 12-31-10



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FOWLER, BENTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Fowler (Town), for the period of January 1, 2008 to December 31, 2009. 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, 2008 and 2009, 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 26, 2010

TOWN OF FOWLER
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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 766,200	\$ 1,329,433	\$ 1,722,425	\$ 373,208
Levy Excess	12,401	-	-	12,401
Motor Vehicle Highway	290,421	255,213	309,022	236,612
MVH Street Sign Grant	3,854	-	3,854	-
Local Road and Street	16,274	8,286	-	24,560
Park and Recreation	44,245	95,353	106,241	33,357
Park Concessions	6,418	9,864	13,333	2,949
Playground Equipment Fund	3,030	-	-	3,030
Skateboard Park Fund	2,339	450	1,845	944
Park Donation	5,283	1,034	385	5,932
Pool Restoration	29,383	1,356	-	30,739
Pool Construction	44,634	-	-	44,634
Fourth of July	-	19,612	19,612	-
Arbor Day	1,801	-	-	1,801
Law Enforcement Continuing Education	16,761	1,575	250	18,086
Riverboat	61,744	15,149	-	76,893
Rainy Day	29,998	98,470	43,955	84,513
Recycled Furniture	4,896	-	4,163	733
Homeland Security Grant	4,888	-	4,888	-
EDIT	194,327	47,428	-	241,755
Cumulative Capital Improvement	55,616	7,853	-	63,469
Cumulative Capital Development	75,358	15,480	-	90,838
Focus Fund	12,903	-	-	12,903
Industrial Development	9,489	-	-	9,489
Proprietary Funds:				
Water Utility - Operating	11,400	377,858	364,596	24,662
Water Utility - Bond and Interest	(17,590)	144,439	126,849	-
Water Utility - Debt Reserve	65,000	73,955	-	138,955
Water Utility - Customer Deposit	29,994	7,875	4,855	33,014
Wastewater Utility - Operating	445,982	570,161	806,937	209,206
Wastewater Utility - Bond and Interest	-	256,155	256,155	-
Wastewater Utility - Debt Reserve	-	193,545	-	193,545
Fiduciary Fund:				
Payroll	886	898,426	894,201	5,111
Totals	\$ 2,227,935	\$ 4,428,970	\$ 4,683,566	\$ 1,973,339

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 373,208	\$ 1,534,276	\$ 1,379,906	\$ 527,578
Levy Excess	12,401	-	-	12,401
Motor Vehicle Highway	236,612	455,112	330,314	361,410
Local Road and Street	24,560	7,739	-	32,299
Park and Recreation	33,357	124,142	89,643	67,856
Park Concessions	2,949	7,590	4,960	5,579
Playground Equipment Fund	3,030	-	-	3,030
Skateboard Park Fund	944	-	-	944
Park Donation	5,932	13,298	5,495	13,735
Pool Restoration	30,739	14,591	30,920	14,410
Pool Construction	44,634	-	32,000	12,634
Arbor Day	1,801	-	1,801	-
Law Enforcement Continuing Education	18,086	2,081	1,598	18,569
Riverboat	76,893	-	-	76,893
Rainy Day	84,513	-	-	84,513
Recycled Furniture	733	-	-	733
EDIT	241,755	71,487	-	313,242
Cumulative Capital Improvement	63,469	7,406	-	70,875
Cumulative Capital Development	90,838	26,153	-	116,991
Focus Fund	12,903	-	-	12,903
Industrial Development	9,489	-	-	9,489
Proprietary Funds:				
Water Utility - Operating	24,662	381,902	392,135	14,429
Water Utility - Bond and Interest	-	139,234	139,234	-
Water Utility - Debt Reserve	138,955	1,331	-	140,286
Water Utility - Customer Deposit	33,014	14,496	10,682	36,828
Wastewater Utility - Operating	209,206	544,995	537,651	216,550
Wastewater Utility - Bond and Interest	-	251,875	251,875	-
Wastewater Utility - Debt Reserve	193,545	-	-	193,545
Credit Card Clearing Account	-	10,976	10,216	760
Fiduciary Fund:				
Payroll	5,111	823,887	818,111	10,887
Totals	\$ 1,973,339	\$ 4,432,571	\$ 4,036,541	\$ 2,369,369

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

TOWN OF FOWLER
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, water, wastewater 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 FOWLER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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:		
Loans payable:		
State Revolving Loan	\$ 1,011,980	\$ 17,710
Revenue bonds:		
1996 Refunding Revenue Bonds	<u>235,000</u>	<u>6,959</u>
Total Water Utility	<u>1,246,980</u>	<u>24,669</u>
Wastewater Utility:		
Revenue bonds:		
Sewage Revenue Refunding Bonds 2008	<u>1,570,000</u>	<u>36,763</u>
Total Wastewater Utility	<u>1,570,000</u>	<u>36,763</u>
Total business-type activities debt	<u>\$ 2,816,980</u>	<u>\$ 61,432</u>

TOWN OF FOWLER
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for audit were incomplete due to the beginning balances for 2009 were the same for each fund as the beginning balances for 2008 and the ending balances were not correct. The general ledger for 2009 computed the ending balance for 2009 by using the beginning balance from 2008, adding 2009 receipts and subtracting 2009 disbursements. The 2009 Financial Report by Fund did provide beginning balances, receipts, disbursements and ending balances but these did not agree with the general ledger. Also the general ledger did not show any fund that did not have activity in the current year, even if it had a beginning and ending balance.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the payroll fund balances to the bank account balances were incorrect.

IC 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or 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 responsibility for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FOWLER
EXIT CONFERENCE

The contents of this report were discussed on July 26, 2010, with Kathleen Schwartz, Clerk-Treasurer; Linda Brouillette, President of the Town Council; and John T. Berry, Vice President of the Town Council.