

B37972

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, 2007 to December 31, 2009



FILED
12/06/2010

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

JoAnne Kirchner

01-01-04 to 12-31-11

President of the
Town Council

Perry Collins
John R. Stoeckley

01-01-07 to 07-02-07
07-03-07 to 12-31-10



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, 2007 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, 2007, 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

September 23, 2010

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, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 161,370	\$ 574,419	\$ 585,631	\$ 150,158
Motor Vehicle Highway	101,705	147,472	144,294	104,883
Local Road and Street	16,810	7,053	5,490	18,373
Park and Recreation	22,059	50,497	48,269	24,287
Law Enforcement Continuing Education	2,214	1,452	844	2,822
Roanoke Development Revolving	53,097	4,377	1,839	55,635
Record Perpetuation	2,882	7,455	5,396	4,941
Police Block Grant	558	-	-	558
Rainy Day	17,253	8,000	17,200	8,053
Sanitation	4,711	56,289	57,316	3,684
Levy Excess	5,346	-	-	5,346
Cumulative Capital Improvement	7,180	5,251	9,627	2,804
Economic Development Income Tax	43,015	60,286	92,552	10,749
Cumulative Building and Fire Fighting Equipment	72,795	13,238	39,898	46,135
Proprietary Funds:				
Water Utility - Operating	504,399	707,601	699,440	512,560
Water Utility - Bond and Interest	5,534	-	-	5,534
Water Utility - Debt Reserve	17,420	-	-	17,420
Water Utility - Customer Deposit	38,426	5,869	4,088	40,207
Wastewater Utility - Operating	429,589	354,398	426,810	357,177
Wastewater Utility - Bond and Interest	11,000	80,225	79,225	12,000
Wastewater Utility - Debt Reserve	83,762	-	-	83,762
Fiduciary Funds:				
Park Donation	17,656	87,057	94,016	10,697
First Responders	1,000	-	-	1,000
Fire Department Building Donation	424	-	-	424
Police Donation	1,926	1,200	2,187	939
Payroll	2,750	465,848	466,506	2,092
County Court Costs	4,928	56,224	52,248	8,904
User Fee	27,649	11,085	5,817	32,917
Town Court	20,648	609,967	615,847	14,768
Court Deferral	-	37,230	34,560	2,670
Totals	<u>\$ 1,678,106</u>	<u>\$ 3,352,493</u>	<u>\$ 3,489,100</u>	<u>\$ 1,541,499</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, 2008
(Continued)

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 150,158	\$ 538,900	\$ 560,952	\$ 128,106
Motor Vehicle Highway	104,883	214,748	197,843	121,788
Local Road and Street	18,373	6,647	14,993	10,027
Park and Recreation	24,287	50,208	43,614	30,881
Law Enforcement Continuing Education	2,822	1,812	2,227	2,407
Roanoke Development Revolving	55,635	2,546	2,406	55,775
Record Perpetuation	4,941	6,966	8,523	3,384
Police Block Grant	558	-	508	50
Rainy Day	8,053	8,798	-	16,851
Sanitation	3,684	64,972	64,186	4,470
Levy Excess	5,346	-	5,346	-
Cumulative Capital Improvement	2,804	4,862	5,251	2,415
Economic Development Income Tax	10,749	62,968	31,993	41,724
Cumulative Building and Fire Fighting Equipment	46,135	13,107	19,900	39,342
Proprietary Funds:				
Water Utility - Operating	512,560	722,384	850,529	384,415
Water Utility - Bond and Interest	5,534	-	-	5,534
Water Utility - Debt Reserve	17,420	-	-	17,420
Water Utility - Customer Deposit	40,207	5,239	13,801	31,645
Wastewater Utility - Operating	357,177	354,155	527,689	183,643
Wastewater Utility - Bond and Interest	12,000	82,526	81,525	13,001
Wastewater Utility - Debt Reserve	83,762	-	-	83,762
Fiduciary Funds:				
Park Donation	10,697	2,172	9,635	3,234
First Responders	1,000	-	-	1,000
Fire Department Building Donation	424	-	-	424
Police Donation	939	700	1,084	555
Payroll	2,092	489,223	489,203	2,112
County Court Costs	8,904	50,232	59,136	-
User Fee	32,917	11,506	7,910	36,513
Town Court	14,768	552,314	552,953	14,129
Court Deferral	2,670	26,760	24,680	4,750
Totals	<u>\$ 1,541,499</u>	<u>\$ 3,273,745</u>	<u>\$ 3,575,887</u>	<u>\$ 1,239,357</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, 2009
(Continued)

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 128,106	\$ 556,960	\$ 579,127	\$ 105,939
Motor Vehicle Highway	121,788	239,145	261,939	98,994
Local Road and Street	10,027	6,279	10,221	6,085
Park and Recreation	30,881	32,174	52,234	10,821
Law Enforcement Continuing Education	2,407	1,338	2,167	1,578
Roanoke Development Revolving	55,775	2,105	8,181	49,699
Record Perpetuation	3,384	6,199	5,212	4,371
Police Block Grant	50	-	50	-
Rainy Day	16,851	2,622	5,000	14,473
Sanitation	4,470	65,723	63,934	6,259
Cumulative Capital Improvement	2,415	4,584	4,175	2,824
Economic Development Income Tax	41,724	64,673	37,486	68,911
Cumulative Building and Fire Fighting Equipment	39,342	9,347	2,989	45,700
Tax Increment Financing (TIF)	-	13,532	-	13,532
Proprietary Funds:				
Water Utility - Operating	384,415	812,491	781,643	415,263
Water Utility - Bond and Interest	5,534	-	-	5,534
Water Utility - Debt Reserve	17,420	-	-	17,420
Water Utility - Customer Deposit	31,645	5,548	5,645	31,548
Wastewater Utility - Operating	183,643	458,918	417,112	225,449
Wastewater Utility - Bond and Interest	13,001	84,500	83,500	14,001
Wastewater Utility - Debt Reserve	83,762	-	-	83,762
Fiduciary Funds:				
Park Donation	3,234	11,393	8,425	6,202
First Responders	1,000	-	-	1,000
Fire Department Building Donation	424	-	-	424
Police Donation	555	300	-	855
Payroll	2,112	496,133	496,126	2,119
County Court Costs	-	43,148	43,148	-
User Fee	36,513	11,248	4,837	42,924
Town Court	14,129	524,624	523,759	14,994
Court Deferral	4,750	30,960	29,020	6,690
Totals	\$ 1,239,357	\$ 3,483,944	\$ 3,425,930	\$ 1,297,371

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, 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 ROANOKE
 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
Governmental activities:		
Notes and loans payable	\$ 5,291	\$ 5,417
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
1995 construction	\$ 350,000	\$ 10,063

TOWN OF ROANOKE
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were inaccurate and not completed. The depository reconciliation presented for examination for December 31, 2009, disclosed that the record balances exceeded the adjusted bank balances by \$2,904.64.

Indiana Code 5-13-6-1(e) states: "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 responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK TRANSFERS

The Clerk-Treasurer posted two bank transfers as receipts to the General Fund in the amount of \$50,000 and \$45,000. This caused the ending cash balance of the General Fund to be overstated by \$95,000. The examination report being issued contains the corrected fund balance of the General Fund.

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)

TRANSACTION RECORDING

In 2007, the Town received a \$2,300 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. A similar comment appeared in the prior Report B31330.

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 B31330.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset 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 ROANOKE
EXAMINATION RESULTS AND COMMENTS
(Continued)

UTILITY RECEIPTS TAX

The annual tax return (Form URT) was not prepared and filed with the Indiana Department of Revenue for the years 2007, 2008, and 2009. A similar comment appeared in prior Report B31330.

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)

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 B31330.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (1), 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
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2010, with JoAnne Kirchner, Clerk-Treasurer, and John R. Stoeckley, President of the Town Council. The officials concurred with our findings.