

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

FINANCIAL STATEMENT AUDIT REPORT

OF

TOWN OF STINESVILLE

MONROE COUNTY, INDIANA

January 1, 2016 to December 31, 2016



**FILED**  
01/18/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lois Pursell	01-01-15 to 12-31-18
President of the Town Council	Kimberly Cunningham	01-01-16 to 12-31-18



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF STINESVILLE, MONROE COUNTY, INDIANA

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Town of Stinesville (Town), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 to the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2016.


***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

December 5, 2018

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF STINESVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
General	\$ 13,015	\$ 17,178	\$ 17,552	\$ 12,641
Motor Vehicle Highway	15,659	12,144	8,594	19,209
Local Road And Street	2,257	2,195	3,169	1,283
Non-Reverting Park	5,642	16,621	12,851	9,412
Law Enforcement Training	6	-	-	6
Riverboat Wagering Tax Rev/Shar	524	1,173	704	993
Cumulative Capital Improvement	1,506	505	-	2,011
Cumulative Capital Development	4,348	2,323	3,000	3,671
Stormwater Revenue Fund	3,443	3,363	-	6,806
OCRA Match	-	100,704	38,900	61,804
Police Cares Grant	2,600	-	2,600	-
Donations	683	514	514	683
Veteran Monuments	1,888	20	12	1,896
Police Operating	2,810	5,790	8,518	82
Limestone Building Restoration	578	-	-	578
Payroll	-	9,326	9,326	-
Totals	<u>\$ 54,959</u>	<u>\$ 171,856</u>	<u>\$ 105,740</u>	<u>\$ 121,075</u>

The notes to the financial statement are an integral part of this statement.

TOWN OF STINESVILLE  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

*Taxes.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

*Licenses and permits.* Amounts received from businesses, occupations, or non-businesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF STINESVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

*Charges for services.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

*Personal services.* Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

*Supplies.* Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service - principal and interest.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Other disbursements.* Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

TOWN OF STINESVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Interfund Transfers*

The Town may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be 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.

TOWN OF STINESVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the Town to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Subsequent Events**

The Town was awarded a Community Development Block Grant on December 1, 2015, for \$898,750. The award is part of the Indiana Office of Community and Rural Affairs' Stormwater Improvements Program. Work on the project began in October 2016 and \$898,750 of grant funds were expended in 2017. In February 2018, the Town made the final payment to a contractor related to the grant in the amount of \$22,243.

#### OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Town's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF STINESVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	General	Motor Vehicle Highway	Local Road And Street	Non-Reverting Park	Law Enforcement Training	Riverboat Wagering Tax Rev/Shar
Cash and investments - beginning	\$ 13,015	\$ 15,659	\$ 2,257	\$ 5,642	\$ 6	\$ 524
Receipts:						
Taxes	8,141	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	6,910	12,144	2,195	-	-	1,173
Charges for services	1,361	-	-	255	-	-
Other receipts	766	-	-	16,366	-	-
Total receipts	<u>17,178</u>	<u>12,144</u>	<u>2,195</u>	<u>16,621</u>	<u>-</u>	<u>1,173</u>
Disbursements:						
Personal services	8,214	1,131	-	-	-	-
Supplies	326	349	132	465	-	-
Other services and charges	6,866	7,114	1,583	12,351	-	-
Debt service - principal and interest	100	-	-	-	-	-
Capital outlay	1,546	-	1,454	-	-	-
Other disbursements	500	-	-	35	-	704
Total disbursements	<u>17,552</u>	<u>8,594</u>	<u>3,169</u>	<u>12,851</u>	<u>-</u>	<u>704</u>
Excess (deficiency) of receipts over disbursements	<u>(374)</u>	<u>3,550</u>	<u>(974)</u>	<u>3,770</u>	<u>-</u>	<u>469</u>
Cash and investments - ending	<u>\$ 12,641</u>	<u>\$ 19,209</u>	<u>\$ 1,283</u>	<u>\$ 9,412</u>	<u>\$ 6</u>	<u>\$ 993</u>

TOWN OF STINESVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Cumulative Capital Improvement	Cumulative Capital Development	Stormwater Revenue Fund	OCRA Match	Police Cares Grant	Donations
Cash and investments - beginning	\$ 1,506	\$ 4,348	\$ 3,443	\$ -	\$ 2,600	\$ 683
Receipts:						
Taxes	-	1,954	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	505	369	-	-	-	-
Charges for services	-	-	3,363	-	-	-
Other receipts	-	-	-	100,704	-	514
Total receipts	<u>505</u>	<u>2,323</u>	<u>3,363</u>	<u>100,704</u>	<u>-</u>	<u>514</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	1,685	110
Other services and charges	-	-	-	-	-	399
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	3,000	-	38,900	915	5
Total disbursements	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>38,900</u>	<u>2,600</u>	<u>514</u>
Excess (deficiency) of receipts over disbursements	<u>505</u>	<u>(677)</u>	<u>3,363</u>	<u>61,804</u>	<u>(2,600)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,011</u>	<u>\$ 3,671</u>	<u>\$ 6,806</u>	<u>\$ 61,804</u>	<u>\$ -</u>	<u>\$ 683</u>

TOWN OF STINESVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	Veteran Monuments	Police Operating	Limestone Building Restoration	Payroll	Totals
Cash and investments - beginning	\$ 1,888	\$ 2,810	\$ 578	\$ -	\$ 54,959
Receipts:					
Taxes	-	-	-	-	10,095
Licenses and permits	-	125	-	-	125
Intergovernmental receipts	-	-	-	-	23,296
Charges for services	-	-	-	-	4,979
Other receipts	20	5,665	-	9,326	133,361
Total receipts	20	5,790	-	9,326	171,856
Disbursements:					
Personal services	-	-	-	-	9,345
Supplies	12	1,850	-	-	4,929
Other services and charges	-	6,668	-	-	34,981
Debt service - principal and interest	-	-	-	-	100
Capital outlay	-	-	-	-	3,000
Other disbursements	-	-	-	9,326	53,385
Total disbursements	12	8,518	-	9,326	105,740
Excess (deficiency) of receipts over disbursements	8	(2,728)	-	-	66,116
Cash and investments - ending	\$ 1,896	\$ 82	\$ 578	\$ -	\$ 121,075

TOWN OF STINESVILLE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2016

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 4,800
Buildings	123,000
Machinery, equipment, and vehicles	<u>21,000</u>
Total capital assets	<u>\$ 148,800</u>

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.