

B37082

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

AUDIT REPORT

OF

TOWN OF LADOGA

MONTGOMERY COUNTY, INDIANA

January 1, 2008 to December 31, 2009



**FILED**  
06/02/2010



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7, 11
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	8, 12
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9, 13
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	10, 14
Notes to Financial Statements .....	15-20
Required Supplementary Information:	
Schedules of Funding Progress .....	21
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	22, 24
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	23, 25
Schedule of Capital Assets.....	26
Schedule of Long-Term Debt .....	27
Audit Result and Comment:	
Internal Controls .....	28
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	30-31
Schedule of Expenditures of Federal Awards .....	32
Note to Schedule of Expenditures of Federal Awards.....	33
Schedule of Findings and Questioned Costs .....	34-35
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	36
Corrective Action Plan.....	37
Exit Conference.....	38

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Viki L. Powers	01-01-04 to 12-31-11
President of the Town Council	Sandra E. Powers	01-01-08 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF LADOGA, MONTGOMERY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ladoga (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 10, 2010, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statement but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 10, 2010



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF LADOGA, MONTGOMERY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ladoga (Town), as of and for the years ended December 31, 2008 and 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in items 2009-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 10, 2010

TOWN OF LADOGA  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipt and Changes in Net Assets</u>		
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Primary Government</u>		
			<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Primary government:					
Governmental activities:					
General government	\$ 135,126	\$ 1,112	\$ (134,014)	\$ -	\$ (134,014)
Public safety	-	1,255	1,255	-	1,255
Highways and streets	37,995	-	(37,995)	-	(37,995)
Economic development	10	-	(10)	-	(10)
<b>Total governmental activities</b>	<b>173,131</b>	<b>2,367</b>	<b>(170,764)</b>	<b>-</b>	<b>(170,764)</b>
Business-type activities:					
Electric Utility	852,690	842,872	-	(9,818)	(9,818)
Storm Water Utility	4,453	12,360	-	7,907	7,907
Trash Utility	-	998	-	998	998
Wastewater Utility	237,607	232,323	-	(5,284)	(5,284)
Water Utility	136,707	168,288	-	31,581	31,581
<b>Total business-type activities</b>	<b>1,231,457</b>	<b>1,256,841</b>	<b>-</b>	<b>25,384</b>	<b>25,384</b>
<b>Total primary government</b>	<b>\$ 1,404,588</b>	<b>\$ 1,259,208</b>	<b>(170,764)</b>	<b>25,384</b>	<b>(145,380)</b>
General receipts:					
Property taxes			159,895	-	159,895
Intergovernmental			56,223	-	56,223
Other local sources			100,439	28,071	128,510
Investment earnings			2,605	10,223	12,828
Interfund loans			-	8,000	8,000
<b>Total general receipts and interfund loans</b>			<b>319,162</b>	<b>46,294</b>	<b>365,456</b>
<b>Change in net assets</b>			<b>148,398</b>	<b>71,678</b>	<b>220,076</b>
<b>Net assets - beginning</b>			<b>220,883</b>	<b>478,387</b>	<b>699,270</b>
<b>Net assets - ending</b>			<b>\$ 369,281</b>	<b>\$ 550,065</b>	<b>\$ 919,346</b>
<u>Assets</u>					
Cash and investments			\$ 192,531	\$ 550,065	\$ 742,596
Restricted assets:					
Cash and investments			176,750	-	176,750
<b>Total assets</b>			<b>\$ 369,281</b>	<b>\$ 550,065</b>	<b>\$ 919,346</b>
<u>Net Assets</u>					
Restricted for:					
General government			\$ 24,936	\$ -	\$ 24,936
Public safety			2,477	-	2,477
Highways and streets			84,632	-	84,632
Capital outlay			64,705	-	64,705
Unrestricted			192,531	550,065	742,596
<b>Total net assets</b>			<b>\$ 369,281</b>	<b>\$ 550,065</b>	<b>\$ 919,346</b>

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

TOWN OF LADOGA  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	Motor Vehicle Highway	Cumulative Capital Development	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 207,273	\$ -	\$ 9,845	\$ -	\$ 217,118
Licenses and permits	-	-	-	540	540
Intergovernmental	-	40,966	-	14,892	55,858
Charges for services	-	-	-	19	19
Fines and forfeits	463	-	-	233	696
Interfund loans	-	-	-	1,000	1,000
Other	27,236	8,019	470	10,271	45,996
<b>Total receipts</b>	<b>234,972</b>	<b>48,985</b>	<b>10,315</b>	<b>26,955</b>	<b>321,227</b>
<b>Disbursements:</b>					
General government	121,289	-	28	-	121,317
Highways and streets	-	31,387	-	10	31,397
Economic development	-	-	-	10	10
Interfund loans	-	-	-	1,000	1,000
Capital outlay:					
General government	12,809	-	-	-	12,809
Highways and streets	-	2,598	-	4,000	6,598
<b>Total disbursements</b>	<b>134,098</b>	<b>33,985</b>	<b>28</b>	<b>5,020</b>	<b>173,131</b>
Excess (deficiency) of receipts over disbursements	100,874	15,000	10,287	21,935	148,096
<b>Other financing sources (uses):</b>					
Other receipts	-	302	-	-	302
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	100,874	15,302	10,287	21,935	148,398
Cash and investment fund balance - beginning	91,657	60,755	38,497	29,974	220,883
Cash and investment fund balance - ending	<u>\$ 192,531</u>	<u>\$ 76,057</u>	<u>\$ 48,784</u>	<u>\$ 51,909</u>	<u>\$ 369,281</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 192,531	\$ -	\$ -	\$ -	\$ 192,531
Restricted assets:					
Cash and investments	-	76,057	48,784	51,909	176,750
<b>Total cash and investment assets - ending</b>	<b><u>\$ 192,531</u></b>	<b><u>\$ 76,057</u></b>	<b><u>\$ 48,784</u></b>	<b><u>\$ 51,909</u></b>	<b><u>\$ 369,281</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 24,936	\$ 24,936
Public safety	-	-	-	2,477	2,477
Highways and streets	-	76,057	-	8,575	84,632
Capital Outlay	-	-	48,784	15,921	64,705
Unrestricted	192,531	-	-	-	192,531
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 192,531</u></b>	<b><u>\$ 76,057</u></b>	<b><u>\$ 48,784</u></b>	<b><u>\$ 51,909</u></b>	<b><u>\$ 369,281</u></b>

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

TOWN OF LADOGA  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For the Year Ended December 31, 2008

	Electric Utility	Storm Water Utility	Trash Utility	Wastewater Utility	Water Utility	Totals
Operating receipts:						
Unmetered/flat rate	\$ -	\$ -	\$ -	\$ -	\$ 210	\$ 210
Metered/measured	833,385	-	-	232,323	154,867	1,220,575
Fire protection receipts	-	-	-	-	2,650	2,650
Fees	-	12,360	998	-	-	13,358
Interfund loan proceeds	8,000	-	-	-	-	8,000
Miscellaneous	9,487	-	-	-	10,561	20,048
<b>Total operating receipts</b>	<b>850,872</b>	<b>12,360</b>	<b>998</b>	<b>232,323</b>	<b>168,288</b>	<b>1,264,841</b>
Operating disbursements:						
Salaries and wages	68,654	-	-	55,696	50,780	175,130
Employee pensions and benefits	3,092	-	-	2,206	2,252	7,550
Purchased power	461,888	-	-	-	-	461,888
Chemicals	-	-	-	3,679	2,502	6,181
Material and supplies	63,645	3,553	-	7,174	36,080	110,452
Contractual services	130,585	900	-	14,516	7,134	153,135
Insurance claims and expense	16,010	-	-	17,266	15,780	49,056
Refunds	16,969	-	-	-	3,000	19,969
Miscellaneous	91,847	-	-	28,083	19,179	139,109
<b>Total operating disbursements</b>	<b>852,690</b>	<b>4,453</b>	<b>-</b>	<b>128,620</b>	<b>136,707</b>	<b>1,122,470</b>
Excess (deficiency) of operating receipts over operating disbursements	(1,818)	7,907	998	103,703	31,581	142,371
Nonoperating receipts (disbursements):						
Investment income	3,858	227	-	3,259	2,879	10,223
Refunds	20,540	-	-	6,244	1,287	28,071
Debt service of principal	-	-	-	(103,000)	-	(103,000)
Interest disbursements	-	-	-	(5,987)	-	(5,987)
<b>Total nonoperating receipts (disbursements)</b>	<b>24,398</b>	<b>227</b>	<b>-</b>	<b>(99,484)</b>	<b>4,166</b>	<b>(70,693)</b>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	22,580	8,134	998	4,219	35,747	71,678
Transfers in	-	-	-	101,780	-	101,780
Transfers out	-	-	-	(101,780)	-	(101,780)
Excess (deficiency) of receipts and transfers in over disbursements and transfers out	22,580	8,134	998	4,219	35,747	71,678
Cash and investment fund balance - beginning	229,942	12,167	-	109,283	126,995	478,387
Cash and investment fund balance - ending	<u>\$ 252,522</u>	<u>\$ 20,301</u>	<u>\$ 998</u>	<u>\$ 113,502</u>	<u>\$ 162,742</u>	<u>\$ 550,065</u>
Total cash and investment assets - December 31	<u>\$ 252,522</u>	<u>\$ 20,301</u>	<u>\$ 998</u>	<u>\$ 113,502</u>	<u>\$ 162,742</u>	<u>\$ 550,065</u>
Total cash and investment fund balance - December 31	<u>\$ 252,522</u>	<u>\$ 20,301</u>	<u>\$ 998</u>	<u>\$ 113,502</u>	<u>\$ 162,742</u>	<u>\$ 550,065</u>

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

TOWN OF LADOGA  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

	Agency Funds
Agency fund additions	\$ <u>240,989</u>
Agency fund deductions	<u>241,443</u>
Excess (deficiency) of total additions over total deductions	(454)
Cash and investment fund balance - beginning	<u>4,065</u>
Cash and investment fund balance - ending	<u>\$ 3,611</u>

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

TOWN OF LADOGA  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 224,090	\$ -	\$ -	\$ -	\$ (224,090)	\$ -	\$ (224,090)
Public safety	223	1,962	-	-	1,739	-	1,739
Highways and streets	54,850	-	27,556	4,643	(22,651)	-	(22,651)
Total governmental activities	279,163	1,962	27,556	4,643	(245,002)	-	(245,002)
Business-type activities:							
Electric Utility	962,368	892,752	-	-	-	(69,616)	(69,616)
Storm Water Utility	14,279	12,344	-	-	-	(1,935)	(1,935)
Trash Utility	41,915	45,656	-	-	-	3,741	3,741
Wastewater Utility	548,824	235,509	-	294,734	-	(18,581)	(18,581)
Water Utility	166,636	153,071	-	-	-	(13,565)	(13,565)
Total business-type activities	1,734,022	1,339,332	-	294,734	-	(99,956)	(99,956)
Total primary government	\$ 2,013,185	\$ 1,341,294	\$ 27,556	\$ 299,377	(245,002)	(99,956)	(344,958)
General receipts:							
Property taxes					126,880	-	126,880
Intergovernmental					47,309	-	47,309
Other local sources					30,871	25,081	55,952
Investment earnings					6,430	12,727	19,157
Interfund loans					-	12,000	12,000
Total general receipts and interfund loans					211,490	49,808	261,298
Change in net assets					(33,512)	(50,148)	(83,660)
Net assets - beginning					369,281	550,065	919,346
Net assets - ending					\$ 335,769	\$ 499,917	\$ 835,686
<u>Assets</u>							
Cash and investments					\$ 183,235	\$ 499,917	\$ 683,152
Restricted assets:							
Cash and investments					152,534	-	152,534
Total assets					\$ 335,769	\$ 499,917	\$ 835,686
<u>Net Assets</u>							
Restricted for:							
General government					\$ 16,761	\$ -	\$ 16,761
Public safety					2,969	-	2,969
Highways and streets					74,507	-	74,507
Capital outlay					58,297	-	58,297
Unrestricted					183,235	499,917	683,152
Total net assets					\$ 335,769	\$ 499,917	\$ 835,686

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

TOWN OF LADOGA  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Cumulative Capital Development	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 167,231	\$ -	\$ 5,722	\$ -	\$ 172,953
Licenses and permits	-	-	-	580	580
Intergovernmental	-	38,617	12	17,463	56,092
Fines and forfeits	1,247	-	-	135	1,382
Other	3,831	1,252	1,242	2,911	9,236
<b>Total receipts</b>	<b>172,309</b>	<b>39,869</b>	<b>6,976</b>	<b>21,089</b>	<b>240,243</b>
<b>Disbursements:</b>					
General government	159,224	-	98	-	159,322
Public safety	-	-	-	223	223
Highways and streets	-	30,045	-	-	30,045
Capital outlay:					
General government	44,639	-	-	20,129	64,768
Highways and streets	-	18,688	-	6,117	24,805
<b>Total disbursements</b>	<b>203,863</b>	<b>48,733</b>	<b>98</b>	<b>26,469</b>	<b>279,163</b>
Excess (deficiency) of receipts over disbursements	(31,554)	(8,864)	6,878	(5,380)	(38,920)
<b>Other financing sources (uses):</b>					
Transfers in	16,850	-	-	-	16,850
Transfers out	-	-	-	(16,850)	(16,850)
Other receipts	5,408	-	-	-	5,408
<b>Total other financing sources (uses)</b>	<b>22,258</b>	<b>-</b>	<b>-</b>	<b>(16,850)</b>	<b>5,408</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,296)	(8,864)	6,878	(22,230)	(33,512)
Cash and investment fund balance - beginning	192,531	76,057	48,784	51,909	369,281
Cash and investment fund balance - ending	<u>\$ 183,235</u>	<u>\$ 67,193</u>	<u>\$ 55,662</u>	<u>\$ 29,679</u>	<u>\$ 335,769</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 183,235	\$ -	\$ -	\$ -	\$ 183,235
Restricted assets:					
Cash and investments	-	67,193	55,662	29,679	152,534
<b>Total cash and investment assets - ending</b>	<u>\$ 183,235</u>	<u>\$ 67,193</u>	<u>\$ 55,662</u>	<u>\$ 29,679</u>	<u>\$ 335,769</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 16,761	\$ 16,761
Public safety	-	-	-	2,969	2,969
Highways and streets	-	67,193	-	7,314	74,507
Capital outlay	-	-	55,662	2,635	58,297
Unrestricted	183,235	-	-	-	183,235
<b>Total cash and investment fund balance - ending</b>	<u>\$ 183,235</u>	<u>\$ 67,193</u>	<u>\$ 55,662</u>	<u>\$ 29,679</u>	<u>\$ 335,769</u>

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

TOWN OF LADOGA  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For the Year Ended December 31, 2009

	Electric Utility	Storm Water Utility	Trash Utility	Wastewater Utility	Water Utility	Totals
Operating receipts:						
Metered/measured	\$ 881,484	\$ -	\$ -	\$ 235,509	\$ 146,363	\$ 1,263,356
Fees	-	12,344	45,656	-	-	58,000
Interfund loan proceeds	12,000	-	-	-	-	12,000
Miscellaneous	11,268	-	-	-	6,708	17,976
<b>Total operating receipts</b>	<b>904,752</b>	<b>12,344</b>	<b>45,656</b>	<b>235,509</b>	<b>153,071</b>	<b>1,351,332</b>
Operating disbursements:						
Salaries and wages	89,176	-	-	44,593	43,760	177,529
Employee pensions and benefits	3,124	-	-	1,701	5,048	9,873
Sludge removal	-	-	-	250	-	250
Purchased power	497,829	-	-	-	-	497,829
Chemicals	-	-	-	7,581	4,597	12,178
Material and supplies	101,491	1,897	23	25,133	60,351	188,895
Contractual services	173,091	12,190	40,260	343,009	25,402	593,952
Insurance claims and expense	23,372	-	-	13,958	13,213	50,543
Refunds	7,977	-	-	-	3,470	11,447
Equipment and capital improvements	-	192	-	-	-	192
Miscellaneous	66,308	-	1,632	4,175	10,795	82,910
<b>Total operating disbursements</b>	<b>962,368</b>	<b>14,279</b>	<b>41,915</b>	<b>440,400</b>	<b>166,636</b>	<b>1,625,598</b>
Excess (deficiency) of operating receipts over operating disbursements	(57,616)	(1,935)	3,741	(204,891)	(13,565)	(274,266)
Nonoperating receipts (disbursements):						
Investment income	4,611	407	-	3,681	4,028	12,727
Refunds	15,797	58	-	2,771	6,455	25,081
Debt service of principal	-	-	-	(100,483)	-	(100,483)
Interest disbursements	-	-	-	(7,941)	-	(7,941)
<b>Total nonoperating receipts (disbursements)</b>	<b>20,408</b>	<b>465</b>	<b>-</b>	<b>(101,972)</b>	<b>10,483</b>	<b>(70,616)</b>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(37,208)	(1,470)	3,741	(306,863)	(3,082)	(344,882)
Capital contributions	-	-	-	294,734	-	294,734
Transfers in	-	-	-	100,780	-	100,780
Transfers out	-	-	-	(100,780)	-	(100,780)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(37,208)	(1,470)	3,741	(12,129)	(3,082)	(50,148)
Cash and investment fund balance - beginning	252,522	20,301	998	113,502	162,742	550,065
Cash and investment fund balance - ending	\$ 215,314	\$ 18,831	\$ 4,739	\$ 101,373	\$ 159,660	\$ 499,917
Total cash and investment assets - December 31	\$ 215,314	\$ 18,831	\$ 4,739	\$ 101,373	\$ 159,660	\$ 499,917
Total cash and investment fund balance - December 31	\$ 215,314	\$ 18,831	\$ 4,739	\$ 101,373	\$ 159,660	\$ 499,917

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

TOWN OF LADOGA  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For The Year Ended December 31, 2009

		Agency Funds
Agency fund additions	\$	234,622
Agency fund deductions		232,777
Excess (deficiency) of total additions over total deductions		1,845
Cash and investment fund balance - beginning		3,611
Cash and investment fund balance - ending	\$	5,456

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

TOWN OF LADOGA  
NOTES TO FINANCIAL STATEMENTS

I. 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 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, and urban redevelopment.

Primary Government: Town of Ladoga

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used to account for receipts from property taxes levied and state motor vehicle highway distributions. The principal use of this fund is the construction and maintenance of streets and alleys. A limited amount of the funds received can also be used for law enforcement purposes.

The cumulative capital development fund is used to account for receipts and disbursements of taxes levied under Indiana Code IC 36-9-15.5 for capital project uses.

TOWN OF LADOGA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Town reports the following major proprietary funds:

The electric utility fund accounts for the operation of the electric distribution system.

The water utility fund accounts for the operation of the water distribution system.

The storm water utility fund accounts for the operation of the storm water collection system.

The trash utility fund accounts for the operation of trash collection system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

When both restricted and unrestricted resources are available for use, the Town's policy is to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF LADOGA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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 may become delinquent if not paid by May 10 and November 10, respectively.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

TOWN OF LADOGA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary discretely presented component units result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

TOWN OF LADOGA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk. At December 31, 2009, the Town had deposit balances in the amount of \$841,142.52. These balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

TOWN OF LADOGA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

Risk Management

The Town is 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 and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees, medical benefits to employees and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

TOWN OF LADOGA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 113,596	\$ 80,340	\$ 33,256	141%	\$ 167,541	20%
07-01-07	132,765	88,034	44,731	151%	157,222	28%
07-01-08	151,895	112,655	39,240	135%	179,850	22%

TOWN OF LADOGA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008

	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Cumulative Capital Improvement	Levy Excess	Totals
<b>Receipts:</b>							
Licenses and permits	\$ -	\$ 540	\$ -	\$ -	\$ -	\$ -	\$ 540
Intergovernmental	4,919	-	6,568	-	3,405	-	14,892
Charges for services	-	19	-	-	-	-	19
Fines and forfeits	-	233	-	-	-	-	233
Interfund loans	-	-	500	-	500	-	1,000
Other	23	-	65	10,078	105	-	10,271
<b>Total receipts</b>	<b>4,942</b>	<b>792</b>	<b>7,133</b>	<b>10,078</b>	<b>4,010</b>	<b>-</b>	<b>26,955</b>
<b>Disbursements:</b>							
Highways and streets	10	-	-	-	-	-	10
Economic development	-	-	-	-	10	-	10
Interfund loans	-	-	500	-	500	-	1,000
Capital outlay:							
Highways and streets	4,000	-	-	-	-	-	4,000
<b>Total disbursements</b>	<b>4,010</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>510</b>	<b>-</b>	<b>5,020</b>
Excess (deficiency) of receipts over disbursements	932	792	6,633	10,078	3,500	-	21,935
Cash and investment fund balance - beginning	7,643	1,685	7,203	708	12,421	314	29,974
Cash and investment fund balance - ending	<u>\$ 8,575</u>	<u>\$ 2,477</u>	<u>\$ 13,836</u>	<u>\$ 10,786</u>	<u>\$ 15,921</u>	<u>\$ 314</u>	<u>\$ 51,909</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
<b>Restricted assets:</b>							
Cash and investments	\$ 8,575	\$ 2,477	\$ 13,836	\$ 10,786	\$ 15,921	\$ 314	\$ 51,909
<b>Total cash and investment assets - ending</b>	<b><u>\$ 8,575</u></b>	<b><u>\$ 2,477</u></b>	<b><u>\$ 13,836</u></b>	<b><u>\$ 10,786</u></b>	<b><u>\$ 15,921</u></b>	<b><u>\$ 314</u></b>	<b><u>\$ 51,909</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ 13,836	\$ 10,786	\$ -	\$ 314	\$ 24,936
Public safety	-	2,477	-	-	-	-	2,477
Highways and streets	8,575	-	-	-	-	-	8,575
Capital outlay	-	-	-	-	15,921	-	15,921
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 8,575</u></b>	<b><u>\$ 2,477</u></b>	<b><u>\$ 13,836</u></b>	<b><u>\$ 10,786</u></b>	<b><u>\$ 15,921</u></b>	<b><u>\$ 314</u></b>	<b><u>\$ 51,909</u></b>

TOWN OF LADOGA  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008

	Payroll	Totals
Additions:		
Agency fund additions	\$ 240,989	\$ 240,989
Deductions:		
Agency fund deductions	241,443	241,443
Excess (deficiency) of total additions over total deductions	(454)	(454)
Cash and investment fund balance - beginning	4,065	4,065
Cash and investment fund balance - ending	\$ 3,611	\$ 3,611

TOWN OF LADOGA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Cumulative Capital Improvement	Levy Excess	Totals
<b>Receipts:</b>							
Licenses and permits	\$ -	\$ 580	\$ -	\$ -	\$ -	\$ -	\$ 580
Intergovernmental	4,643	-	6,552	3,058	3,210	-	17,463
Fines and forfeits	-	135	-	-	-	-	135
Other	213	-	325	2,019	354	-	2,911
<b>Total receipts</b>	<b>4,856</b>	<b>715</b>	<b>6,877</b>	<b>5,077</b>	<b>3,564</b>	<b>-</b>	<b>21,089</b>
<b>Disbursements:</b>							
Public safety	-	223	-	-	-	-	223
Capital outlay:							
General government	-	-	14,129	6,000	-	-	20,129
Highways and streets	6,117	-	-	-	-	-	6,117
<b>Total disbursements</b>	<b>6,117</b>	<b>223</b>	<b>14,129</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>26,469</b>
Excess (deficiency) of receipts over disbursements	(1,261)	492	(7,252)	(923)	3,564	-	(5,380)
<b>Other financing sources (uses):</b>							
Transfers out	-	-	-	-	(16,850)	-	(16,850)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,850)</b>	<b>-</b>	<b>(16,850)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,261)	492	(7,252)	(923)	(13,286)	-	(22,230)
Cash and investment fund balance - beginning	8,575	2,477	13,836	10,786	15,921	314	51,909
Cash and investment fund balance - ending	<u>\$ 7,314</u>	<u>\$ 2,969</u>	<u>\$ 6,584</u>	<u>\$ 9,863</u>	<u>\$ 2,635</u>	<u>\$ 314</u>	<u>\$ 29,679</u>
<b>Cash and Investment Assets - Ending</b>							
<b>Restricted assets:</b>							
Cash and investments	\$ 7,314	\$ 2,969	\$ 6,584	\$ 9,863	\$ 2,635	\$ 314	\$ 29,679
<b>Total cash and investment assets - ending</b>	<u><b>\$ 7,314</b></u>	<u><b>\$ 2,969</b></u>	<u><b>\$ 6,584</b></u>	<u><b>\$ 9,863</b></u>	<u><b>\$ 2,635</b></u>	<u><b>\$ 314</b></u>	<u><b>\$ 29,679</b></u>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ 6,584	\$ 9,863	\$ -	\$ 314	\$ 16,761
Public safety	-	2,969	-	-	-	-	2,969
Highways and streets	7,314	-	-	-	-	-	7,314
Capital outlay	-	-	-	-	2,635	-	2,635
<b>Total cash and investment fund balance - ending</b>	<u><b>\$ 7,314</b></u>	<u><b>\$ 2,969</b></u>	<u><b>\$ 6,584</b></u>	<u><b>\$ 9,863</b></u>	<u><b>\$ 2,635</b></u>	<u><b>\$ 314</b></u>	<u><b>\$ 29,679</b></u>

TOWN OF LADOGA  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	<u>Payroll</u>	<u>HRA Insurance</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 233,622	\$ 1,000	\$ 234,622
Deductions:			
Agency fund deductions	<u>232,777</u>	<u>-</u>	<u>232,777</u>
Excess (deficiency) of total additions over total deductions	845	1,000	1,845
Cash and investment fund balance - beginning	<u>3,611</u>	<u>-</u>	<u>3,611</u>
Cash and investment fund balance - ending	<u>\$ 4,456</u>	<u>\$ 1,000</u>	<u>\$ 5,456</u>

TOWN OF LADOGA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 28,000
Infrastructure	710,517
Buildings	308,612
Improvements other than buildings	91,754
Machinery and equipment	<u>627,719</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 1,766,602</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 1,700
Buildings	21,687
Improvements other than buildings	828,678
Machinery and equipment	<u>90,276</u>
Total Water Utility capital assets	<u>942,341</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	14,905
Buildings	180,165
Improvements other than buildings	2,734,071
Machinery and equipment	<u>140,669</u>
Total Wastewater Utility capital assets	<u>3,069,810</u>
Electric Utility:	
Capital assets, not being depreciated:	
Buildings	21,809
Improvements other than buildings	569,525
Machinery and equipment	<u>262,176</u>
Total Electric Utility capital assets	<u>853,510</u>
Total business-type activities capital assets	<u>\$ 4,865,661</u>

TOWN OF LADOGA  
 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:		
Capital leases:		
Mower/mower deck	\$ 5,902	\$ 4,917
Wastewater Utility:		
Revenue bonds:		
Sanitary Collection System Rehab.	253,000	12,551

TOWN OF LADOGA  
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

A deficiency was noted related to the bank reconciliation process. The Clerk-Treasurer is responsible for reconciling the bank accounts to the Town's records each month. She also has the ability to write receipts, write checks, and post transactions to the system. There is no approval or oversight of the bank reconciliation once it is completed. The lack of oversight and approval of the bank reconciliation could allow fraud or errors to be undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF LADOGA, MONTGOMERY COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Ladoga (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2008 and 2009.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, Town Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 10, 2010

TOWN OF LADOGA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended December 31, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-08	Total Federal Awards Expended 12-31-09
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program	14.228	CF-08-206	\$ -	\$ 272,277
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW08125401	-	101,063
ARRA - Capitalization Grants for Clean Water State Revolving Funds			-	253,000
Total for program			-	354,063
Total federal awards expended			\$ -	\$ 626,340

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF LADOGA  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Ladoga and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF LADOGA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

TOWN OF LADOGA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

FINDING 2009-1, INTERNAL CONTROLS

There is a lack of segregation of duties within the cash reconciliation process with limited oversight by management.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The conditions listed could allow assets to be misappropriated without detection or could allow the financial statements to be materially misstated without detection.

We recommended that a governing board member review the unit's monthly bank reconciliations.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF LADOGA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



*Town of Ladoga*  
Box 187  
Ladoga, IN 47954  
townofladogain@sbcglobal.net



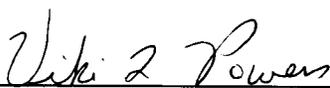
March 10, 2010

RE: Finding No. 2009-1 Corrective Action Plan

To Whom It May Concern:

We have reviewed our internal control system and have designed the following control procedures; which will ensure the correction of our control deficiency:

We have created a balance verification form, to be used by the Council President, to reconcile the monthly ledger balances with the monthly bank statements. Once verified, the President will sign off on the balances; said signature will then be notarized by the Deputy Clerk. This measure will be completed and signature will be made at the Wednesday Council Meeting, on a monthly basis.

  
\_\_\_\_\_  
Viki L. Powers, Clerk-Treasurer

3-10-10  
\_\_\_\_\_  
Date

TOWN OF LADOGA  
EXIT CONFERENCE

The contents of this report were discussed on March 10, 2010, with Viki L. Powers, Clerk-Treasurer; and Sandra E. Powers, President of the Town Council. The officials concurred with our audit finding.