

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

EXAMINATION REPORT

OF

TOWN OF GALVESTON

CASS COUNTY, INDIANA

January 1, 2009 to December 31, 2010



**FILED**  
07/12/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Constance S. Russell	01-01-08 to 12-31-11
President of the Town Council	James Buettner John Zook	01-01-09 to 12-31-09 01-01-10 to 12-31-11
Superintendent of Water Utility	William Young	01-01-09 to 12-31-11
Superintendent of Wastewater Utility	John Roberson	01-01-09 to 12-31-11



**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 ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF GALVESTON, CASS COUNTY, INDIANA

We have examined the financial statements of the Town of Galveston (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, 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

June 20, 2011

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FINANCIAL STATEMENT(S)

TOWN OF GALVESTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 81,493	\$ 432,730	\$ 459,395	\$ 54,828
Motor Vehicle Highway	37,502	49,893	54,126	33,269
Local Road And Street	7,788	5,522	10,844	2,466
Aviation	63,103	36,670	42,250	57,523
Economic Development Income Tax	18,024	24,126	6,830	35,320
Riverboat	7,175	9,588	6,233	10,530
Rainy Day	-	1,721	-	1,721
Law Enforcement Continuing Ed	819	2,799	2,951	667
Sewage Works Debt Service	40,249	202	-	40,451
Cumulative Capital Improvement	13,618	4,697	10,268	8,047
Police Equipment (Not Debt Service)	580	550	904	226
Cumulative Sewer	113,586	78,860	162,909	29,537
Park And Recreation Improvements	45,128	6,454	18,120	33,462
Community Center	35,922	11,465	6,252	41,135
Payroll	1,062	382,193	381,164	2,091
Wastewater Utility Operating	2,249	336,668	320,775	18,142
Wastewater Utility Bond And Interest	81,943	92,941	60,869	114,015
Wastewater Utility Deprec/Improve	69,133	17,719	19,607	67,245
Water Utility Operating	2,280	278,816	250,833	30,263
Water Utility Bond And Interest	50,737	105,755	143,260	13,232
Water Utility Depreciation/Improve	5,653	2,981	8,308	326
Water Utility Customer Deposit	25,567	5,035	3,550	27,052
Totals	<u>\$ 703,611</u>	<u>\$ 1,887,385</u>	<u>\$ 1,969,448</u>	<u>\$ 621,548</u>

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

TOWN OF GALVESTON  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 54,828	\$ 408,984	\$ 426,901	\$ 36,911
Motor Vehicle Highway	33,269	54,113	48,243	39,139
Local Road And Street	2,466	5,649	3,158	4,957
Aviation	57,523	49,910	29,634	77,799
Law Enforcement Continuing Ed	667	2,120	857	1,930
Riverboat	10,530	9,587	10,271	9,846
Community Center	41,135	9,295	13,678	36,752
Rainy Day	1,721	5,814	-	7,535
Economic Development Income Tax	35,320	46,599	43,629	38,290
Sewage Works Debt Service	40,451	168	-	40,619
Police Equipment (Not Debt Service)	226	-	209	17
Cumulative Sewer	29,537	19,666	34,883	14,320
Cumulative Capital Improvement	8,047	4,486	7,000	5,533
Park And Recreation Improvements	33,462	22,956	29,507	26,911
Payroll	2,091	379,663	375,010	6,744
Wastewater Utility Operating	18,142	290,810	275,137	33,815
Wastewater Utility Bond And Interest	114,015	-	61,891	52,124
Wastewater Utility Deprec/Improve	67,245	-	14,952	52,293
Water Utility Operating	30,263	254,197	257,801	26,659
Water Utility Bond And Interest	13,232	40,501	53,153	580
Water Utility Depreciation/Improve	326	-	-	326
Water Utility Customer Deposit	27,052	4,535	3,485	28,102
Totals	<u>\$ 621,548</u>	<u>\$ 1,609,053</u>	<u>\$ 1,689,399</u>	<u>\$ 541,202</u>

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

TOWN OF GALVESTON  
NOTES TO FINANCIAL STATEMENT(S)

**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(s) present(s) the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 which include amounts received from businesses, occupations, or nonbusinesses 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF GALVESTON  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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 which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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.

TOWN OF GALVESTON  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are 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.

*F. Interfund Transfers*

The Town may, from time to time, transfer money 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 money 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 money 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 March 1 (lien date) 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.

TOWN OF GALVESTON  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

**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.

State statutes authorize 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.

**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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Galveston's Annual Report(s) can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

TOWN OF GALVESTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	General	Motor Vehicle Highway	Local Road And Street	Aviation	Economic Development Income Tax	Riverboat
Cash and investments - beginning	\$ 81,493	\$ 37,502	\$ 7,788	\$ 63,103	\$ 18,024	\$ 7,175
Receipts:						
Taxes	195,595	-	-	-	-	-
Intergovernmental	112,943	49,893	5,522	-	24,126	9,588
Charges for services	28,731	-	-	36,670	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	95,461	-	-	-	-	-
Total receipts	<u>432,730</u>	<u>49,893</u>	<u>5,522</u>	<u>36,670</u>	<u>24,126</u>	<u>9,588</u>
Disbursements:						
Personal services	177,217	43,635	-	540	-	-
Supplies	13,693	-	-	16,172	-	-
Other services and charges	190,041	1,717	844	15,538	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	8,774	10,000	10,000	6,830	6,233
Utility operating expenses	-	-	-	-	-	-
Other disbursements	78,444	-	-	-	-	-
Total disbursements	<u>459,395</u>	<u>54,126</u>	<u>10,844</u>	<u>42,250</u>	<u>6,830</u>	<u>6,233</u>
Excess (deficiency) of receipts over disbursements	<u>(26,665)</u>	<u>(4,233)</u>	<u>(5,322)</u>	<u>(5,580)</u>	<u>17,296</u>	<u>3,355</u>
Cash and investments - ending	<u>\$ 54,828</u>	<u>\$ 33,269</u>	<u>\$ 2,466</u>	<u>\$ 57,523</u>	<u>\$ 35,320</u>	<u>\$ 10,530</u>

TOWN OF GALVESTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Rainy Day	Law Enforcement Continuing Ed	Sewage Works Debt Service	Cumulative Capital Improvement	Police Equipment (Not Debt Service)	Cumulative Sewer
Cash and investments - beginning	\$ -	\$ 819	\$ 40,249	\$ 13,618	\$ 580	\$ 113,586
Receipts:						
Taxes	-	-	-	-	-	15,818
Intergovernmental	1,721	-	-	4,697	-	3,042
Charges for services	-	2,436	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	363	202	-	550	60,000
Total receipts	<u>1,721</u>	<u>2,799</u>	<u>202</u>	<u>4,697</u>	<u>550</u>	<u>78,860</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	2,951	-	3,900	904	70,909
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	6,368	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	92,000
Total disbursements	<u>-</u>	<u>2,951</u>	<u>-</u>	<u>10,268</u>	<u>904</u>	<u>162,909</u>
Excess (deficiency) of receipts over disbursements	<u>1,721</u>	<u>(152)</u>	<u>202</u>	<u>(5,571)</u>	<u>(354)</u>	<u>(84,049)</u>
Cash and investments - ending	<u>\$ 1,721</u>	<u>\$ 667</u>	<u>\$ 40,451</u>	<u>\$ 8,047</u>	<u>\$ 226</u>	<u>\$ 29,537</u>

TOWN OF GALVESTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Park And Recreation Improvements	Community Center	Payroll	Wastewater Utility-Operating	Wastewater Utility Bond And Interest	Wastewater Utility Deprec/Improve
Cash and investments - beginning	\$ 45,128	\$ 35,922	\$ 1,062	\$ 2,249	\$ 81,943	\$ 69,133
Receipts:						
Taxes	4,470	-	-	-	-	-
Intergovernmental	860	-	-	-	-	-
Charges for services	400	-	-	-	-	-
Utility fees	-	-	-	292,008	-	-
Penalties	-	-	-	9,325	-	-
Other receipts	724	11,465	382,193	35,335	92,941	17,719
Total receipts	<u>6,454</u>	<u>11,465</u>	<u>382,193</u>	<u>336,668</u>	<u>92,941</u>	<u>17,719</u>
Disbursements:						
Personal services	360	-	-	-	-	-
Supplies	2,518	-	-	-	-	-
Other services and charges	14,910	6,252	-	-	-	-
Debt service - principal and interest	-	-	-	-	60,869	15,000
Capital outlay	-	-	-	2,969	-	-
Utility operating expenses	-	-	-	158,238	-	-
Other disbursements	332	-	381,164	159,568	-	4,607
Total disbursements	<u>18,120</u>	<u>6,252</u>	<u>381,164</u>	<u>320,775</u>	<u>60,869</u>	<u>19,607</u>
Excess (deficiency) of receipts over disbursements	<u>(11,666)</u>	<u>5,213</u>	<u>1,029</u>	<u>15,893</u>	<u>32,072</u>	<u>(1,888)</u>
Cash and investments - ending	<u>\$ 33,462</u>	<u>\$ 41,135</u>	<u>\$ 2,091</u>	<u>\$ 18,142</u>	<u>\$ 114,015</u>	<u>\$ 67,245</u>

TOWN OF GALVESTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation/ Improve	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ 2,280	\$ 50,737	\$ 5,653	\$ 25,567	\$ 703,611
Receipts:					
Taxes	-	-	-	-	215,883
Intergovernmental	-	-	-	-	212,392
Charges for services	-	-	-	-	68,237
Utility fees	240,029	45,756	-	-	577,793
Penalties	2,384	-	-	-	11,709
Other receipts	36,403	59,999	2,981	5,035	801,371
Total receipts	<u>278,816</u>	<u>105,755</u>	<u>2,981</u>	<u>5,035</u>	<u>1,887,385</u>
Disbursements:					
Personal services	-	-	-	-	221,752
Supplies	-	-	-	-	32,383
Other services and charges	-	-	-	-	307,966
Debt service - principal and interest	-	104,000	-	-	179,869
Capital outlay	2,969	-	-	-	54,143
Utility operating expenses	239,225	-	8,308	3,550	409,321
Other disbursements	8,639	39,260	-	-	764,014
Total disbursements	<u>250,833</u>	<u>143,260</u>	<u>8,308</u>	<u>3,550</u>	<u>1,969,448</u>
Excess (deficiency) of receipts over disbursements	<u>27,983</u>	<u>(37,505)</u>	<u>(5,327)</u>	<u>1,485</u>	<u>(82,063)</u>
Cash and investments - ending	<u>\$ 30,263</u>	<u>\$ 13,232</u>	<u>\$ 326</u>	<u>\$ 27,052</u>	<u>\$ 621,548</u>

TOWN OF GALVESTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Aviation	Law Enforcement Continuing Ed	Riverboat
Cash and investments - beginning	\$ 54,828	\$ 33,269	\$ 2,466	\$ 57,523	\$ 667	\$ 10,530
Receipts:						
Taxes	217,317	-	-	-	-	-
Licenses and permits	250	-	-	-	25	-
Intergovernmental	113,909	54,113	5,649	-	-	9,587
Charges for services	26,660	-	-	49,910	1,515	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	50,848	-	-	-	580	-
Total receipts	<u>408,984</u>	<u>54,113</u>	<u>5,649</u>	<u>49,910</u>	<u>2,120</u>	<u>9,587</u>
Disbursements:						
Personal services	177,988	43,623	-	696	-	-
Supplies	13,861	-	-	14,527	-	-
Other services and charges	211,079	4,000	3,158	13,411	857	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	1,000	-	10,271
Utility operating expenses	-	-	-	-	-	-
Other disbursements	23,973	620	-	-	-	-
Total disbursements	<u>426,901</u>	<u>48,243</u>	<u>3,158</u>	<u>29,634</u>	<u>857</u>	<u>10,271</u>
Excess (deficiency) of receipts over disbursements	<u>(17,917)</u>	<u>5,870</u>	<u>2,491</u>	<u>20,276</u>	<u>1,263</u>	<u>(684)</u>
Cash and investments - ending	<u>\$ 36,911</u>	<u>\$ 39,139</u>	<u>\$ 4,957</u>	<u>\$ 77,799</u>	<u>\$ 1,930</u>	<u>\$ 9,846</u>

TOWN OF GALVESTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Community Center	Rainy Day	Economic Development Income Tax	Sewage Works Debt Service	Police Equipment (Not Debt Service)	Cumulative Sewer
Cash and investments - beginning	\$ 41,135	\$ 1,721	\$ 35,320	\$ 40,451	\$ 226	\$ 29,537
Receipts:						
Taxes	-	-	-	-	-	16,683
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	5,814	26,599	168	-	2,983
Charges for services	9,295	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	20,000	-	-	-
Total receipts	<u>9,295</u>	<u>5,814</u>	<u>46,599</u>	<u>168</u>	<u>-</u>	<u>19,666</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	209	-
Other services and charges	13,678	-	5,000	-	-	14,883
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	18,629	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	20,000	-	-	20,000
Total disbursements	<u>13,678</u>	<u>-</u>	<u>43,629</u>	<u>-</u>	<u>209</u>	<u>34,883</u>
Excess (deficiency) of receipts over disbursements	<u>(4,383)</u>	<u>5,814</u>	<u>2,970</u>	<u>168</u>	<u>(209)</u>	<u>(15,217)</u>
Cash and investments - ending	<u>\$ 36,752</u>	<u>\$ 7,535</u>	<u>\$ 38,290</u>	<u>\$ 40,619</u>	<u>\$ 17</u>	<u>\$ 14,320</u>

TOWN OF GALVESTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Cumulative Capital Improvement	Park And Recreation Improvements	Payroll	Wastewater Utility Operating	Wastewater Utility Bond And Interest	Wastewater Utility Deprec/Improve
Cash and investments - beginning	\$ 8,047	\$ 33,462	\$ 2,091	\$ 18,142	\$ 114,015	\$ 67,245
Receipts:						
Taxes	-	17,698	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,486	3,166	-	-	-	-
Charges for services	-	490	-	-	-	-
Utility fees	-	-	-	279,228	-	-
Penalties	-	-	-	7,482	-	-
Other receipts	-	1,602	379,663	4,100	-	-
Total receipts	<u>4,486</u>	<u>22,956</u>	<u>379,663</u>	<u>290,810</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	360	-	-	-	-
Supplies	-	3,514	-	-	-	-
Other services and charges	-	24,023	-	-	-	-
Debt service - principal and interest	-	-	-	-	45,900	-
Capital outlay	7,000	1,585	-	-	-	-
Utility operating expenses	-	-	-	264,397	15,991	-
Other disbursements	-	25	375,010	10,740	-	14,952
Total disbursements	<u>7,000</u>	<u>29,507</u>	<u>375,010</u>	<u>275,137</u>	<u>61,891</u>	<u>14,952</u>
Excess (deficiency) of receipts over disbursements	<u>(2,514)</u>	<u>(6,551)</u>	<u>4,653</u>	<u>15,673</u>	<u>(61,891)</u>	<u>(14,952)</u>
Cash and investments - ending	<u>\$ 5,533</u>	<u>\$ 26,911</u>	<u>\$ 6,744</u>	<u>\$ 33,815</u>	<u>\$ 52,124</u>	<u>\$ 52,293</u>

TOWN OF GALVESTON  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation/ Improve	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ 30,263	\$ 13,232	\$ 326	\$ 27,052	\$ 621,548
Receipts:					
Taxes	-	-	-	-	251,698
Licenses and permits	-	-	-	-	275
Intergovernmental	-	-	-	-	226,474
Charges for services	-	-	-	-	87,870
Utility fees	221,160	40,501	-	-	540,889
Penalties	14,488	-	-	-	21,970
Other receipts	18,549	-	-	4,535	479,877
Total receipts	254,197	40,501	-	4,535	1,609,053
Disbursements:					
Personal services	-	-	-	-	222,667
Supplies	-	-	-	-	32,111
Other services and charges	-	-	-	-	290,089
Debt service - principal and interest	-	36,400	-	-	82,300
Capital outlay	2,315	-	-	-	40,800
Utility operating expenses	197,463	16,753	-	3,485	498,089
Other disbursements	58,023	-	-	-	523,343
Total disbursements	257,801	53,153	-	3,485	1,689,399
Excess (deficiency) of receipts over disbursements	(3,604)	(12,652)	-	1,050	(80,346)
Cash and investments - ending	\$ 26,659	\$ 580	\$ 326	\$ 28,102	\$ 541,202

TOWN OF GALVESTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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 backtracing (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	\$ 271,176
Buildings	491,607
Improvements other than buildings	679,626
Machinery and equipment	458,418
Infrastructure	<u>3,294,939</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 5,195,766</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 76,290
Buildings	1,306,769
Improvements other than buildings	330,506
Machinery and equipment	<u>443,642</u>
Total Wastewater Utility capital assets	<u>2,157,207</u>
Water Utility:	
Capital assets, not being depreciated:	
Land	99,442
Buildings	569,587
Improvements other than buildings	573,199
Machinery and equipment	<u>759,007</u>
Total Water Utility capital assets	<u>2,001,235</u>
capital assets	<u>\$ 4,158,442</u>

TOWN OF GALVESTON  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Bonds payable:		
General obligation bonds:		
Stormwater Project	\$ 190,000	\$ 26,400
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Utility construction and extension	\$ 261,000	\$ 45,050
SRF Loan	56,102	7,364
Total Water Utility	317,102	52,414
Wastewater Utility:		
Revenue bonds:		
SRF Loan WW-SIL-01	62,300	11,307
SRF Loan CS182401-01	372,000	37,848
Total Wastewater Utility	434,300	49,155
Total business-type activities debt	\$ 751,402	\$ 101,569

TOWN OF GALVESTON  
EXAMINATION RESULT(S) AND COMMENT(S)

***DISTRIBUTION OF GROSS REVENUES TO THE WATER SINKING FUNDS***

Gross revenues were not distributed to the Water Bond and Interest and Debt Service Reserve Funds in accordance with Revenue Bond Ordinance 78-2.

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

***LOANS BETWEEN TOWN FUNDS***

A temporary loan of \$32,000 was made in 2009 from the Cumulative Sewer Fund to the General Fund and not repaid by December 31, 2009. A temporary loan of \$20,000 was made in 2010 from the Cumulative Sewer Fund to the General Fund and not repaid by December 31, 2010. This loan has been repaid as of June 15, 2011.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) the amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

***HYDRANT RENTAL FEES***

The Clerk-Treasurer paid the Water Utility hydrant rental at the rate of \$158.39 per hydrant instead of the rate of \$236, established under the authority of the applicable rate ordinances. As a result of this error the Town underpaid hydrant rental to the Water Utility by \$2,200 for the year 2003 and \$5,200 for the years 2004, 2005, and 2006, for a total of \$17,800. Currently, the Clerk-Treasurer is paying the correct rate.

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

TOWN OF GALVESTON  
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2011, with Constance S. Russell, Clerk-Treasurer, and John Zook, President of the Town Council. The officials concurred with our findings.