

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

EXAMINATION REPORT

OF

TOWN OF SHOALS

MARTIN COUNTY, INDIANA

January 1, 2007 to December 31, 2009



FILED
08/10/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wanda Howell Claudette Franklin (deceased) Lori Butler	01-01-04 to 05-30-07 05-31-07 to 12-31-07 01-01-08 to 12-31-11
President of the Town Council	Robert Abel Cecil Ragsdale	01-01-07 to 12-31-07 01-01-08 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SHOALS, MARTIN COUNTY, INDIANA

We have examined the financial statements of the Town of Shoals (Town), for the period of January 1, 2007 to December 31, 2009. 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, 2007, 2008 and 2009, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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, the 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

July 21, 2011

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FINANCIAL STATEMENT(S)

TOWN OF SHOALS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
General	\$ 162,021	\$ 284,859	\$ 254,625	\$ 192,255
Motor Vehicle Highway	27,671	56,326	52,862	31,135
Local Road And Street	1,796	4,114	-	5,910
Law Enforcement Continuing Education	4,526	1,406	1,501	4,431
Rainy Day	1,945	4,511	-	6,456
Levy Excess	8,130	5,944	8,130	5,944
County Economic Development Income Tax	74,191	19,233	10,000	83,424
Cumulative Capital Improvement	2,037	2,834	-	4,871
Cemetery Trust	1,500	-	-	1,500
Payroll	-	184,639	184,479	160
Wastewater Utility-Operating	130,459	176,686	151,575	155,570
Wastewater Utility-Bond And Interest	20,957	33,600	31,937	22,620
Wastewater Utility-Debt Reserve	11,680	3,504	-	15,184
Water Utility-Operating	14,842	102,474	83,146	34,170
Water Utility-Depreciation/Improvement	11,287	8,886	-	20,173
Water Utility-Customer Deposit	25,485	4,789	4,507	25,767
	<u>\$ 498,527</u>	<u>\$ 893,805</u>	<u>\$ 782,762</u>	<u>\$ 609,570</u>

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

TOWN OF SHOALS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2008

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 192,255	\$ 363,863	\$ 334,294	\$ 221,824
Motor Vehicle Highway	31,135	50,588	41,493	40,230
Local Road And Street	5,910	3,919	5,330	4,499
Law Enforcement Continuing Education	4,431	130	1,157	3,404
Park Donation	-	181	-	181
Rainy Day	6,456	8,312	2,000	12,768
Levy Excess	5,944	-	-	5,944
County Economic Development Income Tax	83,424	406,134	439,557	50,001
Cumulative Capital Improvement	4,871	1,246	-	6,117
Cemetery Trust	1,500	-	-	1,500
Payroll	160	186,059	185,875	344
Wastewater Utility-Operating	155,570	172,898	140,322	188,146
Wastewater Utility-Bond And Interest	22,620	30,800	31,893	21,527
Wastewater Utility-Debt Reserve	15,184	3,212	-	18,396
Water Utility-Operating	34,170	104,130	92,029	46,271
Water Utility-Depreciation/Improvement	20,173	348	-	20,521
Water Utility-Customer Deposit	25,767	4,736	2,366	28,137
	<u>\$ 609,570</u>	<u>\$ 1,336,556</u>	<u>\$ 1,276,316</u>	<u>\$ 669,810</u>

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

TOWN OF SHOALS
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	\$ 221,824	\$ 217,079	\$ 268,530	\$ 170,373
Motor Vehicle Highway	40,230	40,585	39,750	41,065
Local Road And Street	4,499	8,080	5,949	6,630
Law Enforcement Continuing Education	3,404	224	756	2,872
Riverboat	-	5,050	-	5,050
Fire Donation	-	6,015	4,912	1,103
Park Donation	181	200	-	381
Rainy Day	12,768	3,194	-	15,962
Levy Excess	5,944	-	5,944	-
County Economic Development Income Tax	50,001	156,401	165,890	40,512
Cumulative Capital Improvement	6,117	3,853	-	9,970
Cemetery Trust	1,500	-	-	1,500
Payroll	344	197,046	197,433	(43)
Wastewater Utility-Operating	188,146	179,897	195,783	172,260
Wastewater Utility-Bond And Interest	21,527	33,600	19,435	35,692
Wastewater Utility-Debt Reserve	18,396	3,504	15,345	6,555
Water Utility-Operating	46,271	118,507	120,921	43,857
Water Utility-Depreciation/Improvement	20,521	-	-	20,521
Water Utility-Customer Deposit	28,137	5,700	4,689	29,148
	<u>\$ 669,810</u>	<u>\$ 978,935</u>	<u>\$ 1,045,337</u>	<u>\$ 603,408</u>

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

TOWN OF SHOALS, MARTIN COUNTY
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 statement(s) 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 SHOALS, MARTIN COUNTY
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 SHOALS, MARTIN COUNTY
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 SHOALS, MARTIN COUNTY
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.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

TOWN OF SHOALS, MARTIN COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town of Shoal's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

TOWN OF SHOALS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2007

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 162,021	\$ 27,671	\$ 1,796	\$ 4,526	\$ 1,945	\$ 8,130
Receipts:						
Taxes	133,410	-	-	-	-	-
Licenses and permits	-	-	-	410	-	-
Intergovernmental	88,339	56,002	4,114	996	4,511	-
Charges for services	29,623	-	-	-	-	-
Fines and forfeits	951	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	32,536	324	-	-	-	5,944
Total receipts	<u>284,859</u>	<u>56,326</u>	<u>4,114</u>	<u>1,406</u>	<u>4,511</u>	<u>5,944</u>
Disbursements:						
Personal services	131,844	32,588	-	-	-	-
Supplies	12,969	14,574	-	1,501	-	-
Other services and charges	87,441	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	21,544	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	827	5,700	-	-	-	8,130
Total disbursements	<u>254,625</u>	<u>52,862</u>	<u>-</u>	<u>1,501</u>	<u>-</u>	<u>8,130</u>
Excess (deficiency) of receipts over disbursements	<u>30,234</u>	<u>3,464</u>	<u>4,114</u>	<u>(95)</u>	<u>4,511</u>	<u>(2,186)</u>
Cash and investments - ending	<u>\$ 192,255</u>	<u>\$ 31,135</u>	<u>\$ 5,910</u>	<u>\$ 4,431</u>	<u>\$ 6,456</u>	<u>\$ 5,944</u>

TOWN OF SHOALS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2007
 (Continued)

	County Economic Development Income Tax	Cumulative Capital Improvement	Cemetery Trust	Payroll	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest
Cash and investments - beginning	\$ 74,191	\$ 2,037	\$ 1,500	\$ -	\$ 130,459	\$ 20,957
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	19,233	2,834	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	172,896	-
Other receipts	-	-	-	184,639	3,790	33,600
Total receipts	<u>19,233</u>	<u>2,834</u>	<u>-</u>	<u>184,639</u>	<u>176,686</u>	<u>33,600</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	31,937
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	114,471	-
Other disbursements	10,000	-	-	184,479	37,104	-
Total disbursements	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>184,479</u>	<u>151,575</u>	<u>31,937</u>
Excess (deficiency) of receipts over disbursements	<u>9,233</u>	<u>2,834</u>	<u>-</u>	<u>160</u>	<u>25,111</u>	<u>1,663</u>
Cash and investments - ending	<u>\$ 83,424</u>	<u>\$ 4,871</u>	<u>\$ 1,500</u>	<u>\$ 160</u>	<u>\$ 155,570</u>	<u>\$ 22,620</u>

TOWN OF SHOALS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2007
 (Continued)

	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Depreciation/ Improvement	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 11,680	\$ 14,842	\$ 11,287	\$ 25,485	\$ 498,527
Receipts:					
Taxes	-	-	-	-	133,410
Licenses and permits	-	-	-	-	410
Intergovernmental	-	16,509	-	-	192,538
Charges for services	-	-	-	-	29,623
Fines and forfeits	-	-	-	-	951
Utility fees	-	84,968	-	-	257,864
Other receipts	3,504	997	8,886	4,789	279,009
Total receipts	3,504	102,474	8,886	4,789	893,805
Disbursements:					
Personal services	-	-	-	-	164,432
Supplies	-	-	-	-	29,044
Other services and charges	-	-	-	-	87,441
Debt service - principal and interest	-	-	-	-	31,937
Capital outlay	-	-	-	-	21,544
Utility operating expenses	-	74,721	-	-	189,192
Other disbursements	-	8,425	-	4,507	259,172
Total disbursements	-	83,146	-	4,507	782,762
Excess (deficiency) of receipts over disbursements	3,504	19,328	8,886	282	111,043
Cash and investments - ending	\$ 15,184	\$ 34,170	\$ 20,173	\$ 25,767	\$ 609,570

TOWN OF SHOALS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Park Donation	Rainy Day
Cash and investments - beginning	\$ 192,255	\$ 31,135	\$ 5,910	\$ 4,431	\$ -	\$ 6,456
Receipts:						
Taxes	192,686	16,192	-	-	-	-
Licenses and permits	15	-	-	115	-	-
Intergovernmental	99,890	29,396	3,919	-	-	8,312
Charges for services	24,861	-	-	15	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	46,411	5,000	-	-	181	-
Total receipts	<u>363,863</u>	<u>50,588</u>	<u>3,919</u>	<u>130</u>	<u>181</u>	<u>8,312</u>
Disbursements:						
Personal services	136,952	29,305	-	-	-	-
Supplies	29,720	7,188	5,330	1,157	-	-
Other services and charges	90,002	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	28,997	-	-	-	-	2,000
Utility operating expenses	-	-	-	-	-	-
Other disbursements	48,623	5,000	-	-	-	-
Total disbursements	<u>334,294</u>	<u>41,493</u>	<u>5,330</u>	<u>1,157</u>	<u>-</u>	<u>2,000</u>
Excess (deficiency) of receipts over disbursements	<u>29,569</u>	<u>9,095</u>	<u>(1,411)</u>	<u>(1,027)</u>	<u>181</u>	<u>6,312</u>
Cash and investments - ending	<u>\$ 221,824</u>	<u>\$ 40,230</u>	<u>\$ 4,499</u>	<u>\$ 3,404</u>	<u>\$ 181</u>	<u>\$ 12,768</u>

TOWN OF SHOALS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008
 (Continued)

	Levy Excess	County Economic Development Income Tax	Cumulative Capital Improvement	Cemetery Trust	Payroll	Wastewater Utility-Operating
Cash and investments - beginning	\$ 5,944	\$ 83,424	\$ 4,871	\$ 1,500	\$ 160	\$ 155,570
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	398,934	1,246	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	159,628
Other receipts	-	7,200	-	-	186,059	13,270
Total receipts	-	406,134	1,246	-	186,059	172,898
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	60,334	-	-	-	-
Utility operating expenses	-	-	-	-	-	100,570
Other disbursements	-	379,223	-	-	185,875	39,752
Total disbursements	-	439,557	-	-	185,875	140,322
Excess (deficiency) of receipts over disbursements	-	(33,423)	1,246	-	184	32,576
Cash and investments - ending	\$ 5,944	\$ 50,001	\$ 6,117	\$ 1,500	\$ 344	\$ 188,146

TOWN OF SHOALS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2008
(Continued)

	Wastewater Utility-Bond And Interest	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Depreciation/ Improvement	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 22,620	\$ 15,184	\$ 34,170	\$ 20,173	\$ 25,767	\$ 609,570
Receipts:						
Taxes	-	-	-	-	-	208,878
Licenses and permits	-	-	-	-	-	130
Intergovernmental	-	-	-	-	-	541,697
Charges for services	-	-	-	-	-	24,876
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	101,827	-	-	261,455
Other receipts	30,800	3,212	2,303	348	4,736	299,520
Total receipts	<u>30,800</u>	<u>3,212</u>	<u>104,130</u>	<u>348</u>	<u>4,736</u>	<u>1,336,556</u>
Disbursements:						
Personal services	-	-	-	-	-	166,257
Supplies	-	-	-	-	-	43,395
Other services and charges	-	-	-	-	-	90,002
Debt service - principal and interest	31,893	-	-	-	-	31,893
Capital outlay	-	-	-	-	-	91,331
Utility operating expenses	-	-	87,558	-	-	188,128
Other disbursements	-	-	4,471	-	2,366	665,310
Total disbursements	<u>31,893</u>	<u>-</u>	<u>92,029</u>	<u>-</u>	<u>2,366</u>	<u>1,276,316</u>
Excess (deficiency) of receipts over disbursements	<u>(1,093)</u>	<u>3,212</u>	<u>12,101</u>	<u>348</u>	<u>2,370</u>	<u>60,240</u>
Cash and investments - ending	<u>\$ 21,527</u>	<u>\$ 18,396</u>	<u>\$ 46,271</u>	<u>\$ 20,521</u>	<u>\$ 28,137</u>	<u>\$ 669,810</u>

TOWN OF SHOALS
 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	Law Enforcement Continuing Education	Riverboat	Fire Donation	Park Donation
Cash and investments - beginning	\$ 221,824	\$ 40,230	\$ 4,499	\$ 3,404	\$ -	\$ -	\$ 181
Receipts:							
Taxes	72,599	6,280	-	-	-	-	-
Licenses and permits	-	-	-	224	-	-	-
Intergovernmental	83,571	22,485	3,766	-	5,050	-	-
Charges for services	23,890	-	-	-	-	-	-
Fines and forfeits	1,830	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	35,189	11,820	4,314	-	-	6,015	200
Total receipts	<u>217,079</u>	<u>40,585</u>	<u>8,080</u>	<u>224</u>	<u>5,050</u>	<u>6,015</u>	<u>200</u>
Disbursements:							
Personal services	125,663	18,060	-	-	-	-	-
Supplies	10,827	9,095	4,967	756	-	4,483	-
Other services and charges	97,419	1,246	-	-	-	429	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	9,679	4,325	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	24,942	7,024	982	-	-	-	-
Total disbursements	<u>268,530</u>	<u>39,750</u>	<u>5,949</u>	<u>756</u>	<u>-</u>	<u>4,912</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(51,451)</u>	<u>835</u>	<u>2,131</u>	<u>(532)</u>	<u>5,050</u>	<u>1,103</u>	<u>200</u>
Cash and investments - ending	<u>\$ 170,373</u>	<u>\$ 41,065</u>	<u>\$ 6,630</u>	<u>\$ 2,872</u>	<u>\$ 5,050</u>	<u>\$ 1,103</u>	<u>\$ 381</u>

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

	Rainy Day	Levy Excess	County Economic Development Income Tax	Cumulative Capital Improvement	Cemetery Trust	Payroll	Wastewater Utility-Operating
Cash and investments - beginning	\$ 12,768	\$ 5,944	\$ 50,001	\$ 6,117	\$ 1,500	\$ 344	\$ 188,146
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	3,194	-	140,002	2,475	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	166,186
Other receipts	-	-	16,399	1,378	-	197,046	13,711
Total receipts	3,194	-	156,401	3,853	-	197,046	179,897
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	120,777	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	26,313	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	142,321
Other disbursements	-	5,944	18,800	-	-	197,433	53,462
Total disbursements	-	5,944	165,890	-	-	197,433	195,783
Excess (deficiency) of receipts over disbursements	3,194	(5,944)	(9,489)	3,853	-	(387)	(15,886)
Cash and investments - ending	\$ 15,962	\$ -	\$ 40,512	\$ 9,970	\$ 1,500	\$ (43)	\$ 172,260

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

	Wastewater Utility-Bond And Interest	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Depreciation/ Improvement	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 21,527	\$ 18,396	\$ 46,271	\$ 20,521	\$ 28,137	\$ 669,810
Receipts:						
Taxes	-	-	-	-	-	78,879
Licenses and permits	-	-	-	-	-	224
Intergovernmental	-	-	6,054	-	-	266,597
Charges for services	-	-	-	-	-	23,890
Fines and forfeits	-	-	-	-	-	1,830
Utility fees	-	-	96,128	-	-	262,314
Other receipts	33,600	3,504	16,325	-	5,700	345,201
Total receipts	33,600	3,504	118,507	-	5,700	978,935
Disbursements:						
Personal services	-	-	-	-	-	143,723
Supplies	-	-	-	-	-	30,128
Other services and charges	-	-	-	-	-	219,871
Debt service - principal and interest	19,435	15,345	-	-	-	34,780
Capital outlay	-	-	-	-	-	40,317
Utility operating expenses	-	-	97,599	-	4,689	244,609
Other disbursements	-	-	23,322	-	-	331,909
Total disbursements	19,435	15,345	120,921	-	4,689	1,045,337
Excess (deficiency) of receipts over disbursements	14,165	(11,841)	(2,414)	-	1,011	(66,402)
Cash and investments - ending	\$ 35,692	\$ 6,555	\$ 43,857	\$ 20,521	\$ 29,148	\$ 603,408

TOWN OF SHOALS
 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 Due Within One Year
Wastewater Utility:		
Revenue bonds:		
2003 Wastewater Improvements	\$ 682,000	\$ 9,000

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

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not adequately itemized.
2. All claims did not have board approval.
3. All claims were not certified by the Clerk-Treasurer.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

A similar comment appeared in the prior report.

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Motor Vehicle Highway	2007	\$ 4,863
General	2008	16,309

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF SHOALS
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

A similar comment appeared in the prior report.

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest were paid to Indiana Department of Revenue as follows:

1. \$4.23 for the late payment of State and County taxes for 2007.
2. \$37.67 for the late payment of sales tax for 2007.
3. \$5.15 for the late payment of sales tax for 2009.
4. \$28.66 for the late payment of utility receipts tax for 2009.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

TOWN OF SHOALS
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in the prior report.

CAPITAL ASSET RECORDS

The Town and the Utilities do not maintain capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF SHOALS
EXIT CONFERENCE

The contents of this report were discussed on July 21, 2011, with Lori Butler, Clerk-Treasurer, and Cecil Ragsdale, President of the Town Council.