

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

EXAMINATION REPORT

OF

CITY OF LINTON

GREENE COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
08/15/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Tom Jones	01-01-08 to 03-03-11
	Linda D. Bedwell (Interim)	03-04-11 to 03-21-11
	Patti Jones	03-22-11 to 12-31-11
Clerk-Treasurer	B. Jack Shelton	01-01-08 to 12-31-11
President of the City Council	Jerry Ellett	01-01-10 to 12-31-10
	Linda D. Bedwell	01-01-11 to 12-31-11
President of the Board of Public Works	Tom Jones	01-01-08 to 03-03-11
	Linda D. Bedwell	03-04-11 to 03-21-11
	Patti Jones	03-22-11 to 12-31-11
Utility Superintendent	Brent Slover	01-01-10 to 12-02-10
	(Vacant)	12-03-10 to 12-05-10
	Shawn Clifford	12-06-10 to 12-31-11
Superintendent of Water Utility	Jeff Lehman	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Timothy Turpen	01-01-10 to 12-31-11
Superintendent of Sanitation Utility	Timothy Turpen	01-01-10 to 12-31-11
Superintendent of Gas Utility	Jeff Lehman	01-01-10 to 12-31-11
Superintendent of Electric Utility	Nicholas House	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF LINTON, GREENE COUNTY, INDIANA

We have examined the financial statement of the City of Linton (City), for the period of January 1, 2010 to December 31, 2010. The City's management is responsible for the financial statement. 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 statement 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 City prepares its financial statement 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 statement referred to above present fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, City 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 13, 2011

FINANCIAL STATEMENT(S)

CITY OF LINTON
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	\$ 532,588	\$ 1,980,837	\$ 1,838,105	\$ 675,320
Mvhf	320,709	336,308	405,555	251,462
Local Road & Street Fund	79,381	22,896	35,882	66,395
Cemetery Fund	(55,329)	70,936	70,576	(54,969)
Law Enforcement Education	5,970	10,013	9,141	6,842
Humphrey's Park	127,963	35,390	83,499	79,854
Fire Equip Donations	5,270	6,651	3,578	8,343
Rainy Day Fund	137,426	35,193	-	172,619
Donations #10	750	-	750	-
Golf Course	(69,780)	433,205	417,891	(54,466)
Home Rehab Grant	10	57,502	57,216	296
New Fire Station	15,194	91,160	69,075	37,279
Police Reserve	237	240	45	432
Swimming Pool	15,267	44,344	58,284	1,327
Golf Course Cci	1,800	-	1,800	-
Cumm Capital Improvment	53,757	16,906	6,437	64,226
Cumm. Capital Development	107,494	12,730	25,622	94,602
Police Dept-New Equip.	7,179	21,564	25,267	3,476
5Th Street Project	35,638	27,453	46,282	16,809
Trailer Permit/Inspec Fun	1,031	850	650	1,231
Police Pension Fund	97,952	83,037	107,256	73,733
Fire Pension Fund	67,356	83,037	87,804	62,589
Payroll Fund	104,422	4,286,795	4,289,437	101,780
Electric Operating Fund	(65,507)	7,472,152	6,896,547	510,098
Electric Depreciation	1,135,416	12,673	106,731	1,041,358
Electric Meter Deposit	203,229	57,719	42,085	218,863
Electric Cash Reserve	242,895	-	-	242,895
Electric Imprest Fund	2,200	-	-	2,200
Impa Grant	-	14,866	-	14,866
Gas Operating Fund	437,714	2,579,400	2,386,377	630,737
Gas Bond & Interest	46,008	511	-	46,519
Gas Depreciation Fund	405,402	-	56,998	348,404
Gas Meter Deposit Fund	114,886	27,790	17,300	125,376
Gas Imprest Fund	2,200	-	-	2,200
Gas Debt Reserve Fund	90,304	587	-	90,891
Miner Broadband Fund	107	9	-	116
Sanitation Operating	150,079	605,200	583,905	171,374
Sanitation Depreciation	39,824	60,000	-	99,824
Sewage Operating Fund	42,221	954,482	878,038	118,665
Sewage Bond & Interest	226,819	281,940	260,750	248,009
Sewage Depreciation Fund	267,273	-	133,072	134,201
Sewage Meter Deposits	9,675	7,150	4,175	12,650
Sewage Imprest Fund	600	-	-	600
Sewage Debt Reserve	401,111	6,288	-	407,399
Water Operating	417,722	1,064,221	970,600	511,343
Water Bond & Interest	198,028	222,000	206,563	213,465
Water Depreciation Fund	171,209	42,000	134,458	78,751
Water Meter Deposit	28,348	5,890	4,330	29,908
Water Expansion Fund	926	-	-	926
Water Imprest Fund	1,000	-	-	1,000
Water Debt Reserve	170,478	-	-	170,478
Totals	\$ 6,332,452	\$ 21,071,925	\$ 20,322,081	\$ 7,082,296

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

CITY OF LINTON
GREENE COUNTY
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor 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 City (primary government), and does not include financial information for any of the City'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 City (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 City.

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.

CITY OF LINTON
GREENE 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 City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF LINTON
GREENE 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 City 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 City. 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 City. 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 City 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 City 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 City 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.

CITY OF LINTON
GREENE 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 City 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 City 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 City 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 City 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 City 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:

CITY OF LINTON
GREENE 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.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

CITY OF LINTON
GREENE COUNTY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF 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:

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

Funding Policy

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

The City also contributes to additional pension plan(s) unique to the City. Information regarding these plans may be obtained from the City.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

	General	Mvhf	Local Road & Street Fund	Cemetery Fund	Law Enforcement Education	Humphrey's Park	Fire Equip Donations
Cash and investments - beginning	\$ 532,588	\$ 320,709	\$ 79,381	\$ (55,329)	\$ 5,970	\$ 127,963	\$ 5,270
Receipts:							
Taxes	532,905	102,072	-	18,731	-	-	-
Licenses and permits	-	-	-	-	3,460	200	-
Intergovernmental	686,620	225,782	22,896	2,996	-	-	-
Charges for services	522,980	1,680	-	49,195	717	1,638	-
Fines and forfeits	5,790	-	-	-	5,825	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	232,542	6,774	-	14	11	33,552	6,651
Total receipts	<u>1,980,837</u>	<u>336,308</u>	<u>22,896</u>	<u>70,936</u>	<u>10,013</u>	<u>35,390</u>	<u>6,651</u>
Disbursements:							
Personal services	1,380,669	244,924	-	33,873	-	10,981	-
Supplies	132,980	94,625	-	29,335	9,141	24,468	-
Other services and charges	150,224	39,417	35,882	7,368	-	43,461	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	18,894	26,589	-	-	-	4,589	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	155,338	-	-	-	-	-	3,578
Total disbursements	<u>1,838,105</u>	<u>405,555</u>	<u>35,882</u>	<u>70,576</u>	<u>9,141</u>	<u>83,499</u>	<u>3,578</u>
Excess (deficiency) of receipts over disbursements	<u>142,732</u>	<u>(69,247)</u>	<u>(12,986)</u>	<u>360</u>	<u>872</u>	<u>(48,109)</u>	<u>3,073</u>
Cash and investments - ending	\$ <u>675,320</u>	\$ <u>251,462</u>	\$ <u>66,395</u>	\$ <u>(54,969)</u>	\$ <u>6,842</u>	\$ <u>79,854</u>	\$ <u>8,343</u>

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

	Rainy Day Fund	Donations #10	Golf Course	Home Rehab Grant	New Fire Station	Police Reserve	Swimming Pool
Cash and investments - beginning	\$ 137,426	\$ 750	\$ (69,780)	\$ 10	\$ 15,194	\$ 237	\$ 15,267
Receipts:							
Taxes	-	-	14,854	-	78,584	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	35,193	-	-	57,271	12,568	-	-
Charges for services	-	-	414,577	-	-	-	44,344
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	3,774	231	8	240	-
Total receipts	35,193	-	433,205	57,502	91,160	240	44,344
Disbursements:							
Personal services	-	-	156,477	-	-	-	31,219
Supplies	-	-	188,287	-	-	45	23,327
Other services and charges	-	-	72,318	-	-	-	3,738
Debt service - principal and interest	-	-	-	-	69,075	-	-
Capital outlay	-	-	809	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	750	-	57,216	-	-	-
Total disbursements	-	750	417,891	57,216	69,075	45	58,284
Excess (deficiency) of receipts over disbursements	35,193	(750)	15,314	286	22,085	195	(13,940)
Cash and investments - ending	\$ 172,619	\$ -	\$ (54,466)	\$ 296	\$ 37,279	\$ 432	\$ 1,327

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

	Golf Course Cci	Cumm Capital Improvmnt	Cumm. Capital Development	Police Dept-New Equip.	5Th Street Project	Trailer Permit/Inspec Fun	Police Pension Fund
Cash and investments - beginning	\$ 1,800	\$ 53,757	\$ 107,494	\$ 7,179	\$ 35,638	\$ 1,031	\$ 97,952
Receipts:							
Taxes	-	-	10,975	-	-	-	-
Licenses and permits	-	-	-	4,350	-	850	-
Intergovernmental	-	16,906	1,755	10,000	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	7,214	27,453	-	83,037
Total receipts	-	16,906	12,730	21,564	27,453	850	83,037
Disbursements:							
Personal services	-	-	-	-	-	-	107,256
Supplies	-	-	-	-	-	-	-
Other services and charges	-	6,437	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	25,622	-	46,282	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,800	-	-	25,267	-	650	-
Total disbursements	1,800	6,437	25,622	25,267	46,282	650	107,256
Excess (deficiency) of receipts over disbursements	(1,800)	10,469	(12,892)	(3,703)	(18,829)	200	(24,219)
Cash and investments - ending	\$ -	\$ 64,226	\$ 94,602	\$ 3,476	\$ 16,809	\$ 1,231	\$ 73,733

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

	Fire Pension Fund	Payroll Fund	Electric Operating Fund	Electric Depreciation	Electric Meter Deposit	Electric Cash Reserve	Electric Imprest Fund
Cash and investments - beginning	\$ 67,356	\$ 104,422	\$ (65,507)	\$ 1,135,416	\$ 203,229	\$ 242,895	\$ 2,200
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	7,276,925	-	-	-	-
Other receipts	83,037	4,286,795	195,227	12,673	57,719	-	-
Total receipts	83,037	4,286,795	7,472,152	12,673	57,719	-	-
Disbursements:							
Personal services	87,804	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	106,731	-	-	-
Utility operating expenses	-	-	6,266,602	-	42,085	-	-
Other disbursements	-	4,289,437	629,945	-	-	-	-
Total disbursements	87,804	4,289,437	6,896,547	106,731	42,085	-	-
Excess (deficiency) of receipts over disbursements	(4,767)	(2,642)	575,605	(94,058)	15,634	-	-
Cash and investments - ending	\$ 62,589	\$ 101,780	\$ 510,098	\$ 1,041,358	\$ 218,863	\$ 242,895	\$ 2,200

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

	Impa Grant	Gas Operating Fund	Gas Bond & Interest	Gas Depreciation Fund	Gas Meter Deposit Fund	Gas Imprest Fund
Cash and investments - beginning	\$ -	\$ 437,714	\$ 46,008	\$ 405,402	\$ 114,886	\$ 2,200
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	2,501,527	-	-	-	-
Other receipts	14,866	77,873	511	-	27,790	-
Total receipts	<u>14,866</u>	<u>2,579,400</u>	<u>511</u>	<u>-</u>	<u>27,790</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	56,998	-	-
Utility operating expenses	-	2,141,123	-	-	17,300	-
Other disbursements	-	245,254	-	-	-	-
Total disbursements	<u>-</u>	<u>2,386,377</u>	<u>-</u>	<u>56,998</u>	<u>17,300</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>14,866</u>	<u>193,023</u>	<u>511</u>	<u>(56,998)</u>	<u>10,490</u>	<u>-</u>
Cash and investments - ending	<u>\$ 14,866</u>	<u>\$ 630,737</u>	<u>\$ 46,519</u>	<u>\$ 348,404</u>	<u>\$ 125,376</u>	<u>\$ 2,200</u>

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

	Gas Debt Reserve Fund	Miner Broadband Fund	Sanitation Operating	Sanitation Depreciation	Sewage Operating Fund	Sewage Bond & Interest
Cash and investments - beginning	\$ 90,304	\$ 107	\$ 150,079	\$ 39,824	\$ 42,221	\$ 226,819
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	593,622	-	950,090	-
Other receipts	587	9	11,578	60,000	4,392	281,940
Total receipts	587	9	605,200	60,000	954,482	281,940
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	260,750
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	523,761	-	502,850	-
Other disbursements	-	-	60,144	-	375,188	-
Total disbursements	-	-	583,905	-	878,038	260,750
Excess (deficiency) of receipts over disbursements	587	9	21,295	60,000	76,444	21,190
Cash and investments - ending	\$ 90,891	\$ 116	\$ 171,374	\$ 99,824	\$ 118,665	\$ 248,009

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

	Sewage Depreciation Fund	Sewage Meter Deposits	Sewage Imprest Fund	Sewage Debt Reserve	Water Operating	Water Bond & Interest
Cash and investments - beginning	\$ 267,273	\$ 9,675	\$ 600	\$ 401,111	\$ 417,722	\$ 198,028
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,034,894	-
Other receipts	-	7,150	-	6,288	29,327	222,000
Total receipts	<u>-</u>	<u>7,150</u>	<u>-</u>	<u>6,288</u>	<u>1,064,221</u>	<u>222,000</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	206,563
Capital outlay	133,072	-	-	-	1,927	-
Utility operating expenses	-	4,175	-	-	595,464	-
Other disbursements	-	-	-	-	373,209	-
Total disbursements	<u>133,072</u>	<u>4,175</u>	<u>-</u>	<u>-</u>	<u>970,600</u>	<u>206,563</u>
Excess (deficiency) of receipts over disbursements	<u>(133,072)</u>	<u>2,975</u>	<u>-</u>	<u>6,288</u>	<u>93,621</u>	<u>15,437</u>
Cash and investments - ending	<u>\$ 134,201</u>	<u>\$ 12,650</u>	<u>\$ 600</u>	<u>\$ 407,399</u>	<u>\$ 511,343</u>	<u>\$ 213,465</u>

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

	Water Depreciation Fund	Water Meter Deposit	Water Expansion Fund	Water Imprest Fund	Water Debt Reserve	Totals
Cash and investments - beginning	\$ 171,209	\$ 28,348	\$ 926	\$ 1,000	\$ 170,478	\$ 6,332,452
Receipts:						
Taxes	-	-	-	-	-	758,121
Licenses and permits	-	-	-	-	-	8,860
Intergovernmental	-	-	-	-	-	1,071,987
Charges for services	-	-	-	-	-	1,035,131
Fines and forfeits	-	-	-	-	-	11,615
Utility fees	-	-	-	-	-	12,357,058
Other receipts	42,000	5,890	-	-	-	5,829,153
Total receipts	42,000	5,890	-	-	-	21,071,925
Disbursements:						
Personal services	-	-	-	-	-	2,053,203
Supplies	-	-	-	-	-	502,208
Other services and charges	-	-	-	-	-	358,845
Debt service - principal and interest	-	-	-	-	-	536,388
Capital outlay	134,458	-	-	-	-	555,971
Utility operating expenses	-	4,330	-	-	-	10,097,690
Other disbursements	-	-	-	-	-	6,217,776
Total disbursements	134,458	4,330	-	-	-	20,322,081
Excess (deficiency) of receipts over disbursements	(92,458)	1,560	-	-	-	749,844
Cash and investments - ending	\$ 78,751	\$ 29,908	\$ 926	\$ 1,000	\$ 170,478	\$ 7,082,296

CITY OF LINTON
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 616,645
Buildings	719,297
Improvements other than buildings	327,463
Machinery and equipment	<u>2,857,375</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 4,520,780</u>

CITY OF LINTON
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Lawn Mowers	\$ 6,436	\$ 6,616
Note Payable	24,973	25,088
Lease Rental on Fire Station	<u>1,949,500</u>	<u>135,500</u>
Total governmental activities debt	<u>\$ 1,980,909</u>	<u>\$ 167,204</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Revenue Bonds of 2007	<u>\$ 1,915,000</u>	<u>\$ 206,685</u>
Total Water Utility	<u>1,915,000</u>	<u>206,685</u>
Wastewater Utility:		
Revenue bonds:		
1995 Wastewater Improvement	<u>950,000</u>	<u>265,350</u>
Total Wastewater Utility	<u>950,000</u>	<u>265,350</u>
Total business-type activities debt	<u>\$ 2,865,000</u>	<u>\$ 472,035</u>

CITY OF LINTON
EXAMINATION RESULT(S) AND COMMENT(S)

OFFICIAL BOND

The Clerk-Treasurer's official bond was not filed in the Office of the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

APPROPRIATIONS

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

Fund	Years	Excess Amount Expended
Law Enforcement Education	2010	\$ 4,141
Swimming Pool	2010	7,133
Golf Course	2010	110,978
Cemetery	2010	41,400

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."

ERRORS ON CLAIMS

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

Claims or invoices did not have evidence to support receipt of goods or services.

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

CITY OF LINTON
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

- (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 prior audit reports.

CREDIT CARDS

The City and Utility employees and officials are using credit cards to purchase items without an approved credit card policy. A similar comment appeared in prior years.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF LINTON
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

ORDINANCES AND RESOLUTIONS (Applies to Utilities)

The City has an ordinance (ordinance 2010-04) concerning electric utility rates. However, the rates charged for security lighting did not agree with the rate increase effective January 1, 2010. As of July 6, 2011, these rates have been corrected in the billing software.

The Utilities have an ordinance concerning meter deposits. However, they did not charge according to the ordinance for one of the customer deposits tested. A similar comment appeared in prior reports.

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)

DELINQUENT WASTEWATER ACCOUNTS (Applies to Utility)

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. . . ."

CITY OF LINTON
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

INTEREST ON INVESTMENTS

Interest earned on some investments was automatically added to the principal and not recorded in the records in some instances.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

CAPITAL ASSET RECORDS (Applies to Utilities)

As stated in prior reports, the Utilities' detailed capital asset records did not agree with the balances in the various Utility ledgers. The Utilities' record capital asset additions, but do not record disposals. When a Utility disposes of a capital asset, the cost of the asset and the related accumulated depreciation should also be recorded to the records as deletions.

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)

TIMELY COLLECTIONS (Applies to Cemetery)

Receipts were turned over to the Clerk-Treasurer up to 23 days after the receipt date.

All collections made by any department or person connected with a city or town shall be turned in to the Clerk-Treasurer or Controller at least weekly. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns)

A similar comment appeared in prior examination reports.

INTERNAL CONTROLS (Applies to Cemetery)

Controls over the receipting, disbursing, recording, and accounting for the financial activities of the Cemetery were insufficient as noted below.

1. Receipts were written by the Cemetery Superintendent for monies collected at the Clerk-Treasurer's office.
2. Three receipts were written by the Cemetery Superintendent based on invoices sent to the funeral home which had not been collected.
3. Monthly reports submitted to the Clerk-Treasurer's office were not always accurate.

CITY OF LINTON
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

4. Invoices sent to the funeral home by the Cemetery Superintendent were not always accurate.

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)

TEMPORARY TRANSFER OF FUNDS

As stated in prior reports, a temporary transfer of \$36,000 was made in 2005 from the General Fund to the Golf Course Fund and not repaid by December 31, 2005. The loan has not been repaid as of December 31, 2010.

Indiana Code 36-1-8-4 concerning temporary transfer 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. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

CONTRACTS

As stated in prior reports, the City has not entered into a contract with the custodian of Sunset Park.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS

Compensation and benefits paid from the Utilities for the internet employees were not included on the payroll system or on the salary ordinance or resolution. A similar comment appeared in prior reports.

CITY OF LINTON
EXAMINATION RESULT(S) AND COMMENT(S)
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balance of the Golf Course Fund and Cemetery Fund were overdrawn in 2010. A similar comment appeared in prior reports.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF LINTON
EXIT CONFERENCE

The contents of this report were discussed on July 13, 2011, with Patti Jones, Mayor; B. Jack Shelton, Clerk-Treasurer; and Linda D. Bedwell, President of the City Council. The officials concurred with our findings.