

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

EXAMINATION REPORT
OF
TOWN OF FULTON
FULTON COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
08/16/2011

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Connie Hartman

01-01-08 to 12-31-11

President of the Town Council

James Grimes
Timothy Strasser

01-01-09 to 12-31-10
01-01-11 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 FULTON, FULTON COUNTY, INDIANA

We have examined the financial statements of the Town of Fulton (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 and the Town Board, 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 20, 2011

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FINANCIAL STATEMENT(S)

TOWN OF FULTON
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	\$ 21,720	\$ 70,668	\$ 70,699	\$ 21,689
Motor Vehicle Highway	7,417	8,548	11,128	4,837
Local Road & Street	2,039	1,290	1,999	1,330
Law Enforcement Continuing Education	26	-	-	26
Riverboat Wagering	-	2,040	2,040	-
Community Improvement	46,790	-	6,413	40,377
Rainy Day	7,378	1,405	-	8,783
LOIT-Public Safety	-	4,225	304	3,921
Fire Equipment	-	65,033	-	65,033
Cumulative Capital Improvement	1,029	999	1,684	344
Payroll	-	73,354	73,354	-
Sewer Operating	6,720	95,466	96,071	6,115
Sewer Bond & Interest	21,130	18,000	22,335	16,795
Sewer Replacement /Depreciation	66,828	18,000	7,155	77,673
Sewer Debt Reserve	23,850	-	-	23,850
Totals	<u>\$ 204,927</u>	<u>\$ 359,028</u>	<u>\$ 293,182</u>	<u>\$ 270,773</u>

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

TOWN OF FULTON
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	\$ 21,689	\$ 79,627	\$ 80,592	\$ 20,724
Motor Vehicle Highway	4,837	8,447	12,351	933
Local Road & Street	1,330	1,302	984	1,648
Law Enforcement Continuing Education	26	108	-	134
Riverboat Wagering	-	2,040	2,040	-
Community Improvement	40,377	-	36,980	3,397
Rainy Day	8,783	1,804	-	10,587
Levy Excess	-	120	-	120
Local Public Safety	3,921	4,469	3,132	5,258
Cumulative Capital Improvement	344	955	838	461
Fire Equipment	65,033	150,000	215,033	-
Stormwater	-	25,000	-	25,000
Payroll	-	84,297	84,297	-
Sewer Operating	6,115	101,581	103,557	4,139
Sewer Bond & Interest	16,795	18,000	23,065	11,730
Sewer Replacement /Depreciation	77,673	17,009	55,621	39,061
Sewer Debt Reserve	23,850	2,000	-	25,850
Totals	<u>\$ 270,773</u>	<u>\$ 496,759</u>	<u>\$ 618,490</u>	<u>\$ 149,042</u>

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

TOWN OF FULTON
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 statements present 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 FULTON
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 FULTON
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 FULTON
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 any replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

TOWN OF FULTON
 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 & Street	Law Enforcement Continuing Education	Riverboat Wagering	Community Improvement	Rainy Day	LOIT - Public Safety
Cash and investments - beginning	\$ 21,720	\$ 7,417	\$ 2,039	\$ 26	\$ -	\$ 46,790	\$ 7,378	\$ -
Receipts:								
Taxes	37,750	-	-	-	-	-	-	-
Intergovernmental	25,592	8,548	1,290	-	2,040	-	907	4,225
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	7,326	-	-	-	-	-	498	-
Total receipts	<u>70,668</u>	<u>8,548</u>	<u>1,290</u>	<u>-</u>	<u>2,040</u>	<u>-</u>	<u>1,405</u>	<u>4,225</u>
Disbursements:								
Personal services	30,801	8,457	-	-	-	-	-	-
Supplies	2,812	2,437	-	-	-	-	-	304
Other services and charges	33,299	234	1,999	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	3,290	-	-	-	-	2,314	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	497	-	-	-	2,040	4,099	-	-
Total disbursements	<u>70,699</u>	<u>11,128</u>	<u>1,999</u>	<u>-</u>	<u>2,040</u>	<u>6,413</u>	<u>-</u>	<u>304</u>
Excess (deficiency) of receipts over disbursements	<u>(31)</u>	<u>(2,580)</u>	<u>(709)</u>	<u>-</u>	<u>-</u>	<u>(6,413)</u>	<u>1,405</u>	<u>3,921</u>
Cash and investments - ending	<u>\$ 21,689</u>	<u>\$ 4,837</u>	<u>\$ 1,330</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 40,377</u>	<u>\$ 8,783</u>	<u>\$ 3,921</u>

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

	Fire Equipment	Cumulative Capital Improvement	Payroll	Sewer Operating	Sewer Bond & Interest	Sewer Replacement /Depreciation	Sewer Debt Reserve	Totals
Cash and investments - beginning	\$ -	\$ 1,029	\$ -	\$ 6,720	\$ 21,130	\$ 66,828	\$ 23,850	\$ 204,927
Receipts:								
Taxes	-	-	-	-	-	-	-	37,750
Intergovernmental	-	999	-	-	-	-	-	43,601
Utility fees	-	-	-	93,886	-	-	-	93,886
Penalties	-	-	-	1,494	-	-	-	1,494
Other receipts	65,033	-	73,354	86	18,000	18,000	-	182,297
Total receipts	65,033	999	73,354	95,466	18,000	18,000	-	359,028
Disbursements:								
Personal services	-	-	-	-	-	-	-	39,258
Supplies	-	-	-	-	-	-	-	5,553
Other services and charges	-	-	-	-	-	-	-	35,532
Debt service - principal and interest	-	-	-	-	6,000	-	-	6,000
Capital outlay	-	1,684	-	-	-	-	-	7,288
Utility operating expenses	-	-	-	60,071	-	7,155	-	67,226
Other disbursements	-	-	73,354	36,000	16,335	-	-	132,325
Total disbursements	-	1,684	73,354	96,071	22,335	7,155	-	293,182
Excess (deficiency) of receipts over disbursements	65,033	(685)	-	(605)	(4,335)	10,845	-	65,846
Cash and investments - ending	\$ 65,033	\$ 344	\$ -	\$ 6,115	\$ 16,795	\$ 77,673	\$ 23,850	\$ 270,773

TOWN OF FULTON
 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 & Street	Law Enforcement Continuing Education	Riverboat Wagering	Community Improvement
Cash and investments - beginning	\$ 21,689	\$ 4,837	\$ 1,330	\$ 26	\$ -	\$ 40,377
Receipts:						
Taxes	43,008	-	-	-	-	-
Intergovernmental	33,241	8,447	1,302	-	2,040	-
Fines and forfeits	-	-	-	108	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,378	-	-	-	-	-
Total receipts	<u>79,627</u>	<u>8,447</u>	<u>1,302</u>	<u>108</u>	<u>2,040</u>	<u>-</u>
Disbursements:						
Personal services	32,896	11,654	-	-	-	-
Supplies	4,189	421	-	-	-	-
Other services and charges	30,061	276	984	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	7,750	-	-	-	-	36,980
Utility operating expenses	-	-	-	-	-	-
Other disbursements	5,696	-	-	-	2,040	-
Total disbursements	<u>80,592</u>	<u>12,351</u>	<u>984</u>	<u>-</u>	<u>2,040</u>	<u>36,980</u>
Excess (deficiency) of receipts over disbursements	<u>(965)</u>	<u>(3,904)</u>	<u>318</u>	<u>108</u>	<u>-</u>	<u>(36,980)</u>
Cash and investments - ending	<u>\$ 20,724</u>	<u>\$ 933</u>	<u>\$ 1,648</u>	<u>\$ 134</u>	<u>\$ -</u>	<u>\$ 3,397</u>

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

	Rainy Day	Levy Excess	Local Public Safety	Cumulative Capital Improvement	Fire Equipment	Stormwater
Cash and investments - beginning	\$ 8,783	\$ -	\$ 3,921	\$ 344	\$ 65,033	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	4,469	955	150,000	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,804	120	-	-	-	25,000
Total receipts	<u>1,804</u>	<u>120</u>	<u>4,469</u>	<u>955</u>	<u>150,000</u>	<u>25,000</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	3,132	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	838	215,033	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>3,132</u>	<u>838</u>	<u>215,033</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,804</u>	<u>120</u>	<u>1,337</u>	<u>117</u>	<u>(65,033)</u>	<u>25,000</u>
Cash and investments - ending	<u>\$ 10,587</u>	<u>\$ 120</u>	<u>\$ 5,258</u>	<u>\$ 461</u>	<u>\$ -</u>	<u>\$ 25,000</u>

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

	Payroll	Sewer Operating	Sewer Bond & Interest	Sewer Replacement /Depreciation	Sewer Debt Reserve	Totals
Cash and investments - beginning	\$ -	\$ 6,115	\$ 16,795	\$ 77,673	\$ 23,850	\$ 270,773
Receipts:						
Taxes	-	-	-	-	-	43,008
Intergovernmental	-	-	-	-	-	200,454
Fines and forfeits	-	-	-	-	-	108
Utility fees	-	101,581	-	-	-	101,581
Other receipts	84,297	-	18,000	17,009	2,000	151,608
Total receipts	<u>84,297</u>	<u>101,581</u>	<u>18,000</u>	<u>17,009</u>	<u>2,000</u>	<u>496,759</u>
Disbursements:						
Personal services	-	-	-	-	-	44,550
Supplies	-	-	-	-	-	7,742
Other services and charges	-	-	-	-	-	31,321
Debt service - principal and interest	-	-	23,065	-	-	23,065
Capital outlay	-	-	-	-	-	260,601
Utility operating expenses	-	58,688	-	-	-	58,688
Other disbursements	84,297	44,869	-	55,621	-	192,523
Total disbursements	<u>84,297</u>	<u>103,557</u>	<u>23,065</u>	<u>55,621</u>	<u>-</u>	<u>618,490</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,976)</u>	<u>(5,065)</u>	<u>(38,612)</u>	<u>2,000</u>	<u>(121,731)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,139</u>	<u>\$ 11,730</u>	<u>\$ 39,061</u>	<u>\$ 25,850</u>	<u>\$ 149,042</u>

TOWN OF FULTON
 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	\$ 21,246
Buildings	70,923
Improvements other than buildings	24,498
Machinery and equipment	<u>40,530</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 157,197</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	70,975
Buildings	8,387
Improvements other than buildings	1,554,082
Machinery and equipment	<u>92,173</u>
 Total Wastewater Utility capital assets	 <u>1,725,617</u>

TOWN OF FULTON
 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
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
Sewage Works Revenue Bonds of 1998	\$ 350,000	\$ 22,750

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

CONDITION OF RECORDS

Bank reconcilements to record balances did not balance most months during the two year period. Errors included monthly Wastewater payroll withholdings not properly reimbursed to the Payroll bank account from the Wastewater bank account, deposits receipted twice, and other unidentified items resulting in the bank balance exceeding the book balance by \$130 at December 31, 2009, and \$301 at December 31, 2010.

At all times, the manual and/or 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)

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FUND BALANCE OVERSTATEMENT

On December 31, 2010, the Sewage Operating Fund owed the Payroll Fund \$5,095 for the December payroll. A check was written from the Sewage Operating Fund but did not get posted until February 22, 2011. The corresponding receipt to the Payroll Fund was properly posted on December 31, 2010. The deposit in transit on the Payroll Fund bank account and the outstanding check on the Sewage bank account both cleared the banks by January 4, 2011. The delayed posting has resulted in an overstatement of the Sewage Operating Fund balance at December 31, 2010, of \$5,095.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

STATE AGENCIES - COMPLIANCE REQUIREMENTS, PENALTIES AND FINES

In August of 2010, the Indiana Department of Environmental Management fined the Fulton Wastewater Utility \$1,675 for not properly reporting on their wastewater holding ponds.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

TOWN OF FULTON
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2011, with Connie Hartman, Clerk-Treasurer, and Timothy Strasser, President of the Town Council. The officials concurred with our findings.