

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF HOLLAND

DUBOIS COUNTY, INDIANA

January 1, 2007 to December 31, 2010



**FILED**  
10/11/2011



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OFFICIALS

| <u>Office</u>                 | <u>Official</u>      | <u>Term</u>          |
|-------------------------------|----------------------|----------------------|
| Clerk-Treasurer               | Raymond O. Schuetter | 01-01-04 to 12-31-11 |
| President of the Town Council | Thomas W. Thacker    | 01-01-07 to 12-31-11 |
| Superintendent of Utilities   | Jerry Tislow         | 01-01-07 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 HOLLAND, DUBOIS COUNTY, INDIANA

We have examined the financial statements of the Town of Holland (Town), for the period of January 1, 2007 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, 2007, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis for the year ended December 31, 2010, 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. Combining Schedules of Receipts, Disbursements, and Cash and Investments Balances – Regulatory Basis were not presented for the years ended December 31, 2007, 2008, or 2009.

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

STATE BOARD OF ACCOUNTS

September 8, 2011

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## FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

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

|   | Cash and<br>Investments<br>01-01-07 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-07 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| General Corporation                       | \$ 397                              | \$ 125,132          | \$ 120,422          | \$ 5,107                            |
| Motor Vehicle Highway                     | 20,643                              | 79,675              | 62,785              | 37,533                              |
| Local Road And Street                     | 19,766                              | 5,309               | 683                 | 24,392                              |
| Park And Recreation                       | 25,823                              | 39,269              | 45,842              | 19,250                              |
| E.D.I.T.                                  | 106,735                             | 28,717              | 29,762              | 105,690                             |
| Park Donation                             | 6,899                               | 2,878               | 5,876               | 3,901                               |
| Rainy Day Fund                            | -                                   | 12,233              | -                   | 12,233                              |
| Levy Excess                               | 4,523                               | -                   | 4,523               | -                                   |
| Marshall Training Fund                    | 1,155                               | 420                 | -                   | 1,575                               |
| Softball Complex Donation                 | 1,139                               | -                   | -                   | 1,139                               |
| Cumulative Capital Development            | 31,305                              | 5,185               | 247                 | 36,243                              |
| Cumulative Capital Improvement            | 11,404                              | 2,441               | -                   | 13,845                              |
| Storm Water Management                    | -                                   | 3,144               | -                   | 3,144                               |
| Storm Water Matching Fund                 | -                                   | 97,000              | 69,546              | 27,454                              |
| Storm Water Improvement Grant             | -                                   | 444,013             | 439,847             | 4,166                               |
| Payroll                                   | -                                   | 155,845             | 156,309             | (464)                               |
| Utilities Collection Fund                 | 25                                  | 417,037             | 381,769             | 35,293                              |
| Wastewater Utility-Operating              | 462                                 | 140,010             | 140,472             | -                                   |
| Wastewater Utility-1966 Revenue Bond Fund | 2,375                               | 1,600               | 3,975               | -                                   |
| Wastewater Utility-Bond And Interest      | 70,943                              | 46,200              | 44,916              | 72,227                              |
| Wastewater Utility-Improvement            | -                                   | 13,693              | 13,693              | -                                   |
| Wastewater Utility-Debt Reserve           | 5,889                               | 25,300              | 19,037              | 12,152                              |
| Water Utility-Operating                   | 2,896                               | 343,439             | 346,215             | 120                                 |
| Water Utility-Bond And Interest           | 42,009                              | 18,700              | 40,877              | 19,832                              |
| Water Utility-Customer Deposit            | 17,080                              | 6,650               | 4,500               | 19,230                              |
| Water Utility-Construction                | 258,248                             | 11,739              | 38,156              | 231,831                             |
| Water Utility-Debt Reserve                | 26,000                              | 22,000              | 13,623              | 34,377                              |
| Totals                                    | <u>\$ 655,716</u>                   | <u>\$ 2,047,629</u> | <u>\$ 1,983,075</u> | <u>\$ 720,270</u>                   |

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

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

|   | Cash and<br>Investments<br>01-01-08 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-08 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| General Corporation                       | \$ 5,107                            | \$ 169,368          | \$ 131,337          | \$ 43,138                           |
| Motor Vehicle Highway                     | 37,533                              | 45,951              | 67,419              | 16,065                              |
| Local Road And Street                     | 24,392                              | 5,099               | 17,598              | 11,893                              |
| Park And Recreation                       | 19,250                              | 17,893              | 33,009              | 4,134                               |
| E.D.I.T.                                  | 105,690                             | 30,025              | 45,830              | 89,885                              |
| Park Donation                             | 3,901                               | 3                   | -                   | 3,904                               |
| Rainy Day Fund                            | 12,233                              | 8,962               | -                   | 21,195                              |
| Marshall Training Fund                    | 1,575                               | 220                 | -                   | 1,795                               |
| Softball Complex Donation                 | 1,139                               | -                   | -                   | 1,139                               |
| Cumulative Capital Development            | 36,243                              | 5,479               | 29,011              | 12,711                              |
| Cumulative Capital Improvement            | 13,845                              | 2,260               | 352                 | 15,753                              |
| Storm Water Management                    | 3,144                               | 3,361               | -                   | 6,505                               |
| Storm Water Matching Fund                 | 27,454                              | -                   | 3,318               | 24,136                              |
| Storm Water Improvement Grant             | 4,166                               | 1,987               | 6,153               | -                                   |
| Payroll                                   | (464)                               | 149,799             | 149,504             | (169)                               |
| Utilities Collection Fund                 | 35,293                              | 439,683             | 479,173             | (4,197)                             |
| Wastewater Utility-Operating              | -                                   | 167,924             | 167,924             | -                                   |
| Wastewater Utility-1966 Revenue Bond Fund | -                                   | 18,400              | 13,375              | 5,025                               |
| Wastewater Utility-Bond And Interest      | 72,227                              | 54,600              | 60,844              | 65,983                              |
| Wastewater Utility-Debt Reserve           | 12,152                              | 29,900              | 4,986               | 37,066                              |
| Water Utility-Operating                   | 120                                 | 373,488             | 363,804             | 9,804                               |
| Water Utility-Bond And Interest           | 19,832                              | 24,800              | 6,637               | 37,995                              |
| Water Utility-Customer Deposit            | 19,230                              | 4,500               | 3,929               | 19,801                              |
| Water Utility-Construction                | 231,831                             | 5,812               | 13,377              | 224,266                             |
| Water Utility-Debt Reserve                | 34,377                              | 28,200              | -                   | 62,577                              |
| Totals                                    | <u>\$ 720,270</u>                   | <u>\$ 1,587,714</u> | <u>\$ 1,597,580</u> | <u>\$ 710,404</u>                   |

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

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

|   | Cash and<br>Investments<br>01-01-09 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-09 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| General Corporation                       | \$ 43,138                           | \$ 106,250          | \$ 136,568          | \$ 12,820                           |
| Motor Vehicle Highway                     | 16,065                              | 91,402              | 80,407              | 27,060                              |
| Local Road And Street                     | 11,893                              | 4,888               | 15,494              | 1,287                               |
| Park And Recreation                       | 4,134                               | 50,625              | 50,281              | 4,478                               |
| E.D.I.T.                                  | 89,885                              | 30,576              | 38,375              | 82,086                              |
| Park Donation                             | 3,904                               | -                   | 3,900               | 4                                   |
| Rainy Day Fund                            | 21,195                              | 7,675               | -                   | 28,870                              |
| Marshall Training Fund                    | 1,795                               | 100                 | 57                  | 1,838                               |
| Softball Complex Donation                 | 1,139                               | -                   | 1,100               | 39                                  |
| Cumulative Capital Development            | 12,711                              | 4,721               | 5,217               | 12,215                              |
| Cumulative Capital Improvement            | 15,753                              | 2,131               | 11,814              | 6,070                               |
| Storm Water Management                    | 6,505                               | 3,181               | 20                  | 9,666                               |
| Storm Water Matching Fund                 | 24,136                              | -                   | -                   | 24,136                              |
| Payroll                                   | (169)                               | 153,449             | 152,839             | 441                                 |
| Utilities Collection Fund                 | (4,197)                             | 389,864             | 369,368             | 16,299                              |
| Wastewater Utility-Operating              | -                                   | 176,384             | 176,384             | -                                   |
| Wastewater Utility-1966 Revenue Bond Fund | 5,025                               | -                   | -                   | 5,025                               |
| Wastewater Utility-Bond And Interest      | 65,983                              | 46,200              | 41,570              | 70,613                              |
| Wastewater Utility-Debt Reserve           | 37,066                              | 29,700              | 36,785              | 29,981                              |
| Water Utility-Operating                   | 9,804                               | 332,316             | 342,000             | 120                                 |
| Water Utility-Bond And Interest           | 37,995                              | 22,000              | 39,440              | 20,555                              |
| Water Utility-Customer Deposit            | 19,801                              | 3,650               | 2,300               | 21,151                              |
| Water Utility-Construction                | 224,266                             | 2,633               | -                   | 226,899                             |
| Water Utility-Debt Reserve                | 62,577                              | 27,500              | 53,957              | 36,120                              |
| Totals                                    | <u>\$ 710,404</u>                   | <u>\$ 1,485,245</u> | <u>\$ 1,557,876</u> | <u>\$ 637,773</u>                   |

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

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

|   | Cash and<br>Investments<br>01-01-10 | Receipts            | Disbursements       | Cash and<br>Investments<br>12-31-10 |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|
| General Corporation                       | \$ 12,820                           | \$ 125,659          | \$ 130,761          | \$ 7,718                            |
| Motor Vehicle Highway                     | 27,060                              | 75,211              | 71,391              | 30,880                              |
| Local Road And Street                     | 1,287                               | 4,552               | 1,213               | 4,626                               |
| Park And Recreation                       | 4,478                               | 42,090              | 34,210              | 12,358                              |
| E.D.I.T.                                  | 82,086                              | 31,001              | 53,997              | 59,090                              |
| Park Donation                             | 4                                   | 3,920               | -                   | 3,924                               |
| Rainy Day Fund                            | 28,870                              | 9,439               | -                   | 38,309                              |
| Levy Excess                               | -                                   | 341                 | -                   | 341                                 |
| Marshall Training Fund                    | 1,838                               | 410                 | 82                  | 2,166                               |
| Softball Complex Donation                 | 39                                  | 1,100               | -                   | 1,139                               |
| Park Lighting Donation                    | -                                   | 1,000               | -                   | 1,000                               |
| Cumulative Capital Development            | 12,215                              | 4,600               | 3,000               | 13,815                              |
| Cumulative Capital Improvement            | 6,070                               | 2,035               | 3,178               | 4,927                               |
| Storm Water Management                    | 9,666                               | 241                 | -                   | 9,907                               |
| Storm Water Matching Fund                 | 24,136                              | -                   | -                   | 24,136                              |
| Payroll                                   | 441                                 | 159,104             | 155,040             | 4,505                               |
| Utilities Collection Fund                 | 16,299                              | 427,922             | 410,300             | 33,921                              |
| Wastewater Utility-Operating              | -                                   | 189,480             | 189,480             | -                                   |
| Wastewater Utility-Bond And Interest      | 70,613                              | 50,400              | 40,698              | 80,315                              |
| Wastewater Utility-1966 Revenue Bond Fund | 5,025                               | -                   | -                   | 5,025                               |
| Wastewater Utility-Debt Reserve           | 29,981                              | 27,600              | 42,166              | 15,415                              |
| Water Utility-Operating                   | 120                                 | 387,379             | 387,379             | 120                                 |
| Water Utility-Bond And Interest           | 20,555                              | 24,000              | 22,324              | 22,231                              |
| Water Utility-Customer Deposit            | 21,151                              | 6,400               | 2,900               | 24,651                              |
| Water Utility-Construction                | 226,899                             | 1,292               | 41,197              | 186,994                             |
| Water Utility-Debt Reserve                | 36,120                              | 30,000              | 38,942              | 27,178                              |
| Totals                                    | <u>\$ 637,773</u>                   | <u>\$ 1,605,176</u> | <u>\$ 1,628,258</u> | <u>\$ 614,691</u>                   |

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

TOWN OF HOLLAND  
NOTES TO FINANCIAL STATEMENTS

**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, culture and recreation, public improvements, general administrative services, water, wastewater, and storm water.

The accompanying financial statements present the financial information for 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.

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

TOWN OF HOLLAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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

TOWN OF HOLLAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 HOLLAND  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**Note 4. *Deposits and Investments***

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. *Risk Management***

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

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

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

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

|  | General<br>Corporation | Motor<br>Vehicle<br>Highway | Local<br>Road<br>And<br>Street | Park<br>And<br>Recreation | E.D.I.T.         | Park<br>Donation | Rainy<br>Day<br>Fund |
|--|------------------------|-----------------------------|--------------------------------|---------------------------|------------------|------------------|----------------------|
| Cash and investments - beginning                   | \$ 12,820              | \$ 27,060                   | \$ 1,287                       | \$ 4,478                  | \$ 82,086        | \$ 4             | \$ 28,870            |
| Receipts:  |                        |                             |                                |                           |                  |                  |                      |
| Taxes  | 57,396                 | 41,690                      | -                              | 29,039                    | -                | -                | -                    |
| Licenses and permits                               | 165                    | -                           | -                              | -                         | -                | -                | -                    |
| Intergovernmental                                  | 60,953                 | 16,443                      | -                              | 5,954                     | 31,001           | -                | 7,797                |
| Charges for services                               | 6,400                  | -                           | -                              | 7,097                     | -                | -                | -                    |
| Fines and forfeits                                 | -                      | -                           | -                              | -                         | -                | -                | -                    |
| Utility fees                                       | -                      | -                           | -                              | -                         | -                | -                | -                    |
| Other receipts                                     | 745                    | 17,078                      | 4,552                          | -                         | -                | 3,920            | 1,642                |
| Total receipts                                     | <u>125,659</u>         | <u>75,211</u>               | <u>4,552</u>                   | <u>42,090</u>             | <u>31,001</u>    | <u>3,920</u>     | <u>9,439</u>         |
| Disbursements:                                     |                        |                             |                                |                           |                  |                  |                      |
| Personal services                                  | 45,933                 | 12,693                      | -                              | 20,428                    | -                | -                | -                    |
| Supplies   | 1,554                  | 8,620                       | -                              | 2,235                     | -                | -                | -                    |
| Other services and charges                         | 80,727                 | 13,342                      | -                              | 11,320                    | 28,850           | -                | -                    |
| Debt service - principal and interest              | -                      | 36,075                      | -                              | 184                       | -                | -                | -                    |
| Capital outlay                                     | 2,504                  | -                           | 1,213                          | -                         | 24,252           | -                | -                    |
| Utility operating expenses                         | -                      | -                           | -                              | -                         | -                | -                | -                    |
| Other disbursements                                | 43                     | 661                         | -                              | 43                        | 895              | -                | -                    |
| Total disbursements                                | <u>130,761</u>         | <u>71,391</u>               | <u>1,213</u>                   | <u>34,210</u>             | <u>53,997</u>    | <u>-</u>         | <u>-</u>             |
| Excess (deficiency) of receipts over disbursements | <u>(5,102)</u>         | <u>3,820</u>                | <u>3,339</u>                   | <u>7,880</u>              | <u>(22,996)</u>  | <u>3,920</u>     | <u>9,439</u>         |
| Cash and investments - ending                      | <u>\$ 7,718</u>        | <u>\$ 30,880</u>            | <u>\$ 4,626</u>                | <u>\$ 12,358</u>          | <u>\$ 59,090</u> | <u>\$ 3,924</u>  | <u>\$ 38,309</u>     |

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

|  | Levy<br>Excess | Marshall<br>Training<br>Fund | Softball<br>Complex<br>Donation | Park<br>Lighting<br>Donation | Cumulative<br>Capital<br>Development | Cumulative<br>Capital<br>Improvement | Storm<br>Water<br>Management |
|--|----------------|------------------------------|---------------------------------|------------------------------|--------------------------------------|--------------------------------------|------------------------------|
| Cash and investments - beginning                   | \$ -           | \$ 1,838                     | \$ 39                           | \$ -                         | \$ 12,215                            | \$ 6,070                             | \$ 9,666                     |
| Receipts:  |                |                              |                                 |                              |                                      |                                      |                              |
| Taxes  | -              | -                            | -                               | -                            | 3,817                                | -                                    | -                            |
| Licenses and permits                               | -              | 410                          | -                               | -                            | -                                    | -                                    | -                            |
| Intergovernmental                                  | 341            | -                            | -                               | -                            | 783                                  | 2,035                                | -                            |
| Charges for services                               | -              | -                            | -                               | -                            | -                                    | -                                    | -                            |
| Fines and forfeits                                 | -              | -                            | -                               | -                            | -                                    | -                                    | 241                          |
| Utility fees                                       | -              | -                            | -                               | -                            | -                                    | -                                    | -                            |
| Other receipts                                     | -              | -                            | 1,100                           | 1,000                        | -                                    | -                                    | -                            |
| Total receipts                                     | 341            | 410                          | 1,100                           | 1,000                        | 4,600                                | 2,035                                | 241                          |
| Disbursements:                                     |                |                              |                                 |                              |                                      |                                      |                              |
| Personal services                                  | -              | -                            | -                               | -                            | -                                    | -                                    | -                            |
| Supplies   | -              | 82                           | -                               | -                            | -                                    | -                                    | -                            |
| Other services and charges                         | -              | -                            | -                               | -                            | -                                    | -                                    | -                            |
| Debt service - principal and interest              | -              | -                            | -                               | -                            | -                                    | -                                    | -                            |
| Capital outlay                                     | -              | -                            | -                               | -                            | 3,000                                | 3,178                                | -                            |
| Utility operating expenses                         | -              | -                            | -                               | -                            | -                                    | -                                    | -                            |
| Other disbursements                                | -              | -                            | -                               | -                            | -                                    | -                                    | -                            |
| Total disbursements                                | -              | 82                           | -                               | -                            | 3,000                                | 3,178                                | -                            |
| Excess (deficiency) of receipts over disbursements | 341            | 328                          | 1,100                           | 1,000                        | 1,600                                | (1,143)                              | 241                          |
| Cash and investments - ending                      | \$ 341         | \$ 2,166                     | \$ 1,139                        | \$ 1,000                     | \$ 13,815                            | \$ 4,927                             | \$ 9,907                     |

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

|   | Storm<br>Water<br>Matching<br>Fund | Payroll  | Utilities<br>Collection<br>Fund | Wastewater<br>Utility-Operating | Wastewater<br>Utility-Bond<br>And<br>Interest | Wastewater<br>Utility-1966<br>Revenue<br>Bond<br>Fund | Wastewater<br>Utility-Debt<br>Reserve |
|---|------------------------------------|----------|---------------------------------|---------------------------------|---|---|---------------------------------------|
| Cash and investments - beginning                      | \$ 24,136                          | \$ 441   | \$ 16,299                       | \$ -                            | \$ 70,613                                     | \$ 5,025  | \$ 29,981                             |
| Receipts:   |                                    |          |                                 |                                 |   |   |                                       |
| Taxes   | -                                  | -        | -                               | -                               | -   | -   | -                                     |
| Licenses and permits                                  | -                                  | -        | -                               | -                               | -   | -   | -                                     |
| Intergovernmental                                     | -                                  | -        | -                               | -                               | -   | -   | -                                     |
| Charges for services                                  | -                                  | -        | -                               | -                               | -   | -   | -                                     |
| Fines and forfeits                                    | -                                  | -        | -                               | -                               | -   | -   | -                                     |
| Utility fees  | -                                  | -        | -                               | 146,566                         | -   | -   | -                                     |
| Other receipts  | -                                  | 159,104  | 427,922                         | 42,914                          | 50,400  | -   | 27,600                                |
| Total receipts  | -                                  | 159,104  | 427,922                         | 189,480                         | 50,400  | -   | 27,600                                |
| Disbursements:  |                                    |          |                                 |                                 |   |   |                                       |
| Personal services                                     | -                                  | -        | -                               | -                               | -   | -   | -                                     |
| Supplies  | -                                  | -        | -                               | -                               | -   | -   | -                                     |
| Other services and charges                            | -                                  | -        | -                               | -                               | -   | -   | -                                     |
| Debt service - principal and interest                 | -                                  | -        | -                               | -                               | 22,798  | -   | -                                     |
| Capital outlay  | -                                  | -        | -                               | 1,951                           | -   | -   | -                                     |
| Utility operating expenses                            | -                                  | -        | -                               | 147,349                         | -   | -   | -                                     |
| Other disbursements                                   | -                                  | 155,040  | 410,300                         | 40,180                          | 17,900  | -   | 42,166                                |
| Total disbursements                                   | -                                  | 155,040  | 410,300                         | 189,480                         | 40,698  | -   | 42,166                                |
| Excess (deficiency) of receipts over<br>disbursements | -                                  | 4,064    | 17,622                          | -                               | 9,702   | -   | (14,566)                              |
| Cash and investments - ending                         | \$ 24,136                          | \$ 4,505 | \$ 33,921                       | \$ -                            | \$ 80,315                                     | \$ 5,025  | \$ 15,415                             |

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

|  | Water<br>Utility-Operating | Water<br>Utility-Bond<br>And<br>Interest | Water<br>Utility-Customer<br>Deposit | Water<br>Utility-Construction | Water<br>Utility-Debt<br>Reserve | Totals     |
|--|----------------------------|--|--------------------------------------|-------------------------------|----------------------------------|------------|
| Cash and investments - beginning                   | \$ 120                     | \$ 20,555                                | \$ 21,151                            | \$ 226,899                    | \$ 36,120                        | \$ 637,773 |
| Receipts:  |                            |  |                                      |                               |                                  |            |
| Taxes  | -                          | -  | -                                    | -                             | -                                | 131,942    |
| Licenses and permits                               | -                          | -  | -                                    | -                             | -                                | 575        |
| Intergovernmental                                  | -                          | -  | -                                    | -                             | -                                | 125,307    |
| Charges for services                               | -                          | -  | -                                    | -                             | -                                | 13,497     |
| Fines and forfeits                                 | -                          | -  | -                                    | -                             | -                                | 241        |
| Utility fees                                       | 306,617                    | -  | -                                    | -                             | -                                | 453,183    |
| Other receipts                                     | 80,762                     | 24,000                                   | 6,400                                | 1,292                         | 30,000                           | 880,431    |
| Total receipts                                     | 387,379                    | 24,000                                   | 6,400                                | 1,292                         | 30,000                           | 1,605,176  |
| Disbursements:                                     |                            |  |                                      |                               |                                  |            |
| Personal services                                  | -                          | -  | -                                    | -                             | -                                | 79,054     |
| Supplies   | -                          | -  | -                                    | -                             | -                                | 12,491     |
| Other services and charges                         | -                          | -  | -                                    | -                             | -                                | 134,239    |
| Debt service - principal and interest              | -                          | 10,000                                   | -                                    | -                             | 38,942                           | 107,999    |
| Capital outlay                                     | 114                        | 12,324                                   | -                                    | -                             | -                                | 48,536     |
| Utility operating expenses                         | 326,993                    | -  | -                                    | -                             | -                                | 474,342    |
| Other disbursements                                | 60,272                     | -  | 2,900                                | 41,197                        | -                                | 771,597    |
| Total disbursements                                | 387,379                    | 22,324                                   | 2,900                                | 41,197                        | 38,942                           | 1,628,258  |
| Excess (deficiency) of receipts over disbursements | -                          | 1,676                                    | 3,500                                | (39,905)                      | (8,942)                          | (23,082)   |
| Cash and investments - ending                      | \$ 120                     | \$ 22,231                                | \$ 24,651                            | \$ 186,994                    | \$ 27,178                        | \$ 614,691 |

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

The Town has entered into the following debt:

| Description of Debt                | Ending<br>Principal<br>Balance | Principal Due<br>Within One<br>Year |
|------------------------------------|--------------------------------|-------------------------------------|
| Town:                              |                                |                                     |
| Loan payable:                      |                                |                                     |
| Storm water improvements           | \$ 32,356                      | \$ 21,276                           |
| Kentucky Street project            | <u>233,800</u>                 | <u>16,700</u>                       |
| Total Town                         | <u>266,156</u>                 | <u>37,976</u>                       |
| Water Utility:                     |                                |                                     |
| Revenue bonds:                     |                                |                                     |
| Water improvements                 | 250,000                        | -                                   |
| Interfund Loan:                    |                                |                                     |
| Operating                          | <u>20,000</u>                  | <u>20,000</u>                       |
| Total Water Utility                | <u>270,000</u>                 | <u>20,000</u>                       |
| Wastewater Utility:                |                                |                                     |
| Loan payable:                      |                                |                                     |
| Wastewater lagoon and pump station | <u>449,753</u>                 | <u>17,900</u>                       |
| Total long-term debt               | <u>\$ 985,909</u>              | <u>\$ 75,876</u>                    |

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The cash balances of the following funds were overdrawn as indicated:

| Year Ending | Fund                      | Amount<br>Overdrawn |
|-------------|---------------------------|---------------------|
| 12-31-07    | Payroll                   | \$ 464              |
| 12-31-08    | Payroll                   | 169                 |
| 12-31-08    | Utilities Collection Fund | 4,197               |

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)

**APPROPRIATIONS**

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

| Fund                           | Years | Excess<br>Amount<br>Expended |
|--------------------------------|-------|------------------------------|
| General Corporation            | 2007  | \$ 23,194                    |
| Park and Recreation            | 2007  | 2,377                        |
| Cumulative Capital Improvement | 2009  | 2,814                        |

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."

A similar comment appeared in the prior report.

**UTILITY COLLECTION BANK ACCOUNT RECONCILIATIONS**

A Town bank account was created solely for deposit of utility bill collections. All collections of the utility bills are to be deposited in this bank account either by the bank, which collects the utility bills as an agent for the Town, or by the Clerk-Treasurer, or someone he so designates to perform the duty. Monthly, the collections were withdrawn by the Clerk-Treasurer and deposited into the bank accounts of the Water and Wastewater Utilities based on payment information maintained by the Clerk-Treasurer or his designee. While attempts were made to compare the deposits and the utility bill payment report, the bank account balance was not reconciled.

On December 27, 2010, the deposit was short by \$60.00.

Indiana Code 5-13-6-1(e) states: "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."

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The Clerk-Treasurer, Raymond O. Schuetter, was asked to reimburse the Town for the amount not deposited. (See Summary, page 31)

A similar comment appeared in prior reports.

**DEPOSITS**

In numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories: (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

A similar comment appeared in the prior report.

**RECEIPT ISSUANCE**

In some instances receipts were not issued.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in the prior report.

**PAYROLL DEFICIENCIES**

During the examination of payroll records, the following exceptions were noted:

1. The Clerk-Treasurer at times received two monthly payments in one month resulting in prepayment of salaries at given points during the year. During the examination period, the Clerk-Treasurer received the entire portion of his salary by October, September, and July in 2008, 2009, and 2010, respectively.
2. Salaries of the park board were included in the salary ordinance adopted by the Town Council; however, the compensation was not paid through the payroll system and was not reported in accordance with state and federal requirements. The park board received their entire compensation in the spring of each year resulting in the prepayment of salaries.
3. Council members and a Town employee were compensated for serving on the park board. These officials/employees received compensation from more than one fund; however, compensation from all sources was not reported.
4. Employee time, attendance or service records presented for examination did not reflect what hours were worked for all employees.

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

5. Employees that were paid from different departments or funds did not have documentation of which hours were worked each day to support the amount paid by each department or fund.
6. The Town paid the entire cost of health insurance provided to employees.
7. One employee's W-2 wages were understated for 2009.
8. The September 2007 payment into an employees retirement account was not made.
9. Numerous posting errors were made in regards to transfers made into the payroll fund.

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

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)

Indiana Code 5-11-9-4(b) states in part: "The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

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)

Indiana Code 5-10-8-2.6(c) states in part: "A public employer may pay a part of the cost of group insurance . . ."

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)

A similar comment appeared in prior reports.

**HYDRANT RENTAL RECEIVABLE (PAYABLE)**

The Town of Holland owes the Water Utility hydrant rental of \$16,853 for the year 2000. In addition, pursuant to Rate Ordinance 2-98 adopted by the Town Council on July 8, 1998, the fire protection fee is based on the number of fire hydrants located within the jurisdiction of the Town. An inventory of fire hydrants taken in 2000, supported by a location map, reflects five additional hydrants were located within jurisdiction of the Town prior to January 1, 2001. These five hydrants were not included in the calculation for hydrant rental charges to the Town for the years 2001 through 2009 resulting in \$4,013 per year not paid by the Town for hydrant rental. According to the fire hydrant listing for 2010, one additional hydrant was added and, therefore, six hydrants were not included in hydrant rental charges to the Town for 2010 resulting in \$4,815 not paid by the Town for hydrant rental. Total hydrant rental owed by the Town as of December 31, 2010, was \$57,782.

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The inventory of fire hydrants also reflected at least one fire hydrant located in the private sector. Pursuant to Rate Ordinance 2-98, the annual fire protection fee for private hydrant rental is \$803. No documentation was presented for examination that reflected that the private hydrant rental was billed or collected.

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)

A similar comment appeared in prior reports.

***CUSTOMER DEPOSIT REGISTER***

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the simplified cash journal.

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.

***BOND/LOAN ORDINANCE***

The Wastewater Utility passed Ordinance No. 6-1997 concerning the issuance and sale of bonds through the USDA which requires monthly transfers into a bond and interest fund and a debt service reserve fund to ensure that the utility has sufficient funds to make their loan payments. However, the Wastewater Utility did not make sufficient transfers into the debt service reserve fund.

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)

A similar comment appeared in prior reports.

***CAPITAL ASSET RECORDS***

Sufficient detailed records of capital assets are not maintained by the Town or its Utilities. Additions and disposals are not being recorded nor is an annual inventory being taken.

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. 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)

A similar comment appeared in prior reports.

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***LOAN FROM WASTEWATER UTILITY TO WATER UTILITY***

A loan of \$20,000 was made in 2004 from the Wastewater Utility to the Water Utility and has not been repaid.

A municipality could borrow money from or loan money to its wastewater utility under the provisions of the Home Rule statute contained in IC 36-1-3. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

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)

***CONTRACTS***

Records presented for examination did not include contracts for payments made to vendors for computer maintenance and utility bill collections and to volunteer firefighters for fire runs and clothing allowance. Form 1099 informational returns were not presented for examination for legal services, computer maintenance, utility lab testing services, and volunteer firefighters where payments exceeded \$600.

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)

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)

A similar comment appeared in prior reports.

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties and interest totaling \$299.08 were paid to the Indiana Department of Revenue for late remittance of sales tax.

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.

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)

The Clerk-Treasurer, Raymond O. Schuetter, was asked to reimburse the Water Utility for these items. (See Summary, page 31)

A similar comment appeared in prior reports.

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS  
(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; and
  - (C) The amount of the delinquent fees, together with the penalty; or
- (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.

***GROSS RECEIPTS TAX***

During the examination period, the Town did not file the annual utility receipts tax return, Form URT. Also, during 2009, no utility receipts tax payments were made to the Indiana Department of Revenue. The amount due for 2009 for utility receipts tax was \$4,076.

Every taxpayer whose annual tax liability exceeds one thousand dollars (\$1,000) is required to file and pay the utility receipts tax on a quarterly basis. The taxpayer shall pay to the Department twenty-five percent (25%) of the annual estimated tax or the exact amount of utility receipts tax that is due for the quarter.

A taxpayer that uses a taxable year that ends on December 31 shall file the taxpayer's estimated utility receipts tax return and pay the tax due on or before April 20, June 20, September 20, and December 20 of the taxable year.

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Every taxpayer who receives more than one thousand dollars (\$1,000) in receipts from the retail sale of utility service is required to file an annual utility receipts tax return, Form URT. Any taxpayer who does not file an annual utility receipts tax return for a taxable year may be required to execute and file with the Department a sworn statement that the taxpayer did not receive more than one thousand dollars (\$1,000) of taxable gross receipts during the taxable year.

When the taxpayer files an annual utility receipts tax return, the taxpayer shall pay to the Department the total utility receipts tax liability incurred by the taxpayer for the taxable year, minus the total estimated payment that were made for that taxable year.

A taxpayer who used a taxable year that ends on December 31 shall file the taxpayer's annual return on or before April 15 of the immediately succeeding year. A taxpayer, whose taxable year does not end on December 31, shall file the annual return on or before the fifteenth day of the fourth month after the close of the taxpayer's tax year.

All questions concerning the law or procedure for paying the utility receipts tax should be directed to the Indiana Department of Revenue, Indiana Government Center North, Indianapolis, Indiana, 46204, telephone number (317) 615-2662. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**OVERPAYMENT COLLECTIONS**

Two utility customers had their meter deposit refunded/applied twice resulting in overpayments totaling \$400. Refunds have not been received as of September 1, 2011.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**ACCOUNTS RECEIVABLE CONTROL**

The Accounts Receivable Trial Balance did not agree with the Aged Accounts Receivable Register or the Customer Delinquent Accounts Reports and did not reconcile with the Customer Billings Report, through December 31 of each year. During the examination period, no accounts receivable control was maintained.

When utility records are kept on a cash basis or single-entry basis, a separate control account should be carried on the General Ledger, General Form 315, in front of the Consumer's Ledger. This account will be debited with the total monthly billings to all customers for utility services including penalty and sales tax. This account is credited with the total accounts receivable collections, penalties and sales tax shown in the Register of Daily Cash Receipts – Consumers.

Under normal conditions, the individual active accounts of customers should at all times show debit balances and, at the end of each month, the individual active accounts should be footed and the total obtained should be compared to the balance of the Account Receivable Control. Any differences should be investigated. If any adjustments are necessary to reconcile the individual active account detail to the control, proper explanation should support the adjustment and be recorded in the records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 4)

A similar comment appeared in prior reports.

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**ERRORS ON CLAIMS**

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

1. Claims were not prepared for all disbursements.
2. Claims were not adequately itemized.
3. 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
- (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.

**OFFICIAL BONDS**

The following deficiencies were noted with official bonds:

1. Official bonds for several elected or appointed officials and employees were not filed in the Office of the County Recorder.
2. In some instances, employees were not bonded or the bond coverage was insufficient.

Prior to its amendment, effective July 1, 2011, Indiana Code 5-4-1-18 stated in part:

"(a) Except as provided in subsection (b), the following . . . town, . . . officers and employees shall file an individual surety bond: . . . (2) Town judges, and clerk-treasurers. . . . (5) Those employees directed to file an individual bond by the fiscal body of a . . . town, . . .

TOWN OF HOLLAND  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

(b) The fiscal body of a . . . town . . . may by ordinance authorize the purchase of a blanket bond or a crime insurance policy. . . to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit including those officers described in subsection (a).

(c) . . . The fiscal bodies of the respective units shall fix the amount of the bond of . . . town clerk-treasurers... The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond . . . The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee . . . The amount of annual coverage of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

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. . . ."

All employees who handle cash should be covered by some type of bond or crime insurance policy. (Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

TOWN OF HOLLAND  
EXIT CONFERENCE

The contents of this report were discussed on September 8, 2011, with Raymond O. Schuetter, Clerk-Treasurer. The official concurred with our findings.

TOWN OF HOLLAND  
SUMMARY

|  | Charges   | Credits   | Balance Due |
|--|-----------|-----------|-------------|
| Raymond O. Schuetter, Clerk-Treasurer:                             |           |           |             |
| Penalties, Interest, and Other Charges, page 25                    | \$ 299.08 | \$        | \$          |
| Utility Collection Bank Account Reconciliation,<br>pages 21 and 22 | 60.00     |           |             |
| Payment made by Raymond O. Schuetter on<br>September 8, 2011       |           | 359.08    | -           |
| Totals   | \$ 359.08 | \$ 359.08 | \$ -        |