

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF PARKER CITY

RANDOLPH COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
11/17/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kim K. Walker	01-01-08 to 12-31-11
President of the Town Council	Fred Ludington	01-01-09 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF PARKER CITY, RANDOLPH COUNTY, INDIANA

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

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

STATE BOARD OF ACCOUNTS

September 14, 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 PARKER CITY
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	\$ 54,994	\$ 278,722	\$ 305,065	\$ 28,651
Motor Vehicle Highway	47,014	46,050	50,593	42,471
Local Road And Street	5,890	4,697	2,386	8,201
Riverboat	13,997	8,861	-	22,858
Park Donation	4,751	-	-	4,751
Rainy Day	919	820	-	1,739
Cont. Law Enf. Fund	1,785	1,371	283	2,873
Downtown Donation Fund	391	850	230	1,011
EDIT Fund	48,062	29,939	23,501	54,500
First Responders	1,888	1,831	2,238	1,481
Volunteer Committee	9,969	8,351	9,946	8,374
Medical Fund Account	1,032	11,727	10,199	2,560
Cumulative Capital Development	10,044	8,111	338	17,817
Cumulative Capital Improvement	7,006	4,342	2,338	9,010
Payroll	-	332,053	332,053	-
Wastewater Utility-Operating	9,505	214,087	220,185	3,407
Wastewater Utility-Bond And Interest	223	49,200	49,010	413
Wastewater Utility-Deprec/Improve	28,214	5,224	11,021	22,417
Wastewater Utility-Customer Deposit	12,543	3,252	2,669	13,126
Wastewater Utility-Debt Reserve	33,584	18,644	-	52,228
Water Utility-Operating	55,387	168,467	188,613	35,241
Water Utility-Bond And Interest	6,088	7,100	3,450	9,738
Water Utility-Depreciation/Improve	147,580	437,474	484,463	100,591
Water Utility-Customer Deposit	15,481	2,200	2,795	14,886
Storm Water Utility-Customer Dep	6,362	13,967	7,736	12,593
Totals	<u>\$ 522,709</u>	<u>\$ 1,657,340</u>	<u>\$ 1,709,112</u>	<u>\$ 470,937</u>

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

TOWN OF PARKER CITY
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 Fund	\$ 28,651	\$ 291,756	\$ 275,212	\$ 45,195
Motor Vehicle Highway	42,471	44,204	40,958	45,717
Local Road And Street	8,201	4,765	3,938	9,028
Riverboat	22,858	8,861	-	31,719
Park Donation	4,751	-	-	4,751
Rainy Day	1,739	3,102	66	4,775
Cont Law Enf Fund	2,873	737	1,752	1,858
Payroll Fund	-	320,058	320,051	7
Downtown Fund	1,011	-	39	972
EDIT Fund	54,500	25,559	51,800	28,259
First Responder Fund	1,481	4,244	4,651	1,074
Volunteer Fund	8,374	8,766	8,678	8,462
Medical Fund	2,560	12,214	9,917	4,857
Cumulative Capital Development	17,817	7,170	4,091	20,896
Cumulative Capital Improvement	9,010	4,146	6,506	6,650
Storm Water Utility-Operating	12,593	37,590	25,250	24,933
Wastewater Utility-Operating	3,407	208,315	193,342	18,380
Wastewater Utility-Bond And Interest	413	49,200	49,280	333
Wastewater Utility-Deprec/Improve	22,417	5,918	5,601	22,734
Wastewater Utility-Customer Deposit	13,126	3,184	2,233	14,077
Wastewater Utility-Debt Reserve	52,228	6,088	-	58,316
Water Utility-Operating	35,241	165,025	165,254	35,012
Water Utility-Bond And Interest	9,738	7,200	3,350	13,588
Water Utility-Depreciation/Improve	100,591	6,000	14,627	91,964
Water Utility-Customer Deposit	14,886	2,134	1,814	15,206
Totals	<u>\$ 470,937</u>	<u>\$ 1,226,236</u>	<u>\$ 1,188,410</u>	<u>\$ 508,763</u>

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

TOWN OF PARKER CITY
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, 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

TOWN OF PARKER CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

TOWN OF PARKER CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

TOWN OF PARKER CITY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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/.

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

	General	Motor Vehicle Highway	Local Road And Street	Riverboat	Park Donation	Rainy Day	Cont. Law Enf. Fund
Cash and investments - beginning	\$ 54,994	\$ 47,014	\$ 5,890	\$ 13,997	\$ 4,751	\$ 919	\$ 1,785
Receipts:							
Taxes	178,473	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	1,371
Intergovernmental	74,650	46,015	4,697	8,861	-	820	-
Charges for services	839	-	-	-	-	-	-
Fines and forfeits	1,056	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	23,704	35	-	-	-	-	-
Total receipts	<u>278,722</u>	<u>46,050</u>	<u>4,697</u>	<u>8,861</u>	<u>-</u>	<u>820</u>	<u>1,371</u>
Disbursements:							
Personal services	131,830	28,817	-	-	-	-	-
Supplies	23,079	467	-	-	-	-	283
Other services and charges	122,990	21,309	2,386	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	27,036	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	130	-	-	-	-	-	-
Total disbursements	<u>305,065</u>	<u>50,593</u>	<u>2,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283</u>
Excess (deficiency) of receipts over disbursements	<u>(26,343)</u>	<u>(4,543)</u>	<u>2,311</u>	<u>8,861</u>	<u>-</u>	<u>820</u>	<u>1,088</u>
Cash and investments - ending	<u>\$ 28,651</u>	<u>\$ 42,471</u>	<u>\$ 8,201</u>	<u>\$ 22,858</u>	<u>\$ 4,751</u>	<u>\$ 1,739</u>	<u>\$ 2,873</u>

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

	Downtown Donation Fund	EDIT Fund	First Responders	Volunteer Committee	Medical Fund Account	Cumulative Capital Development	Cumulative Capital Improvement
Cash and investments - beginning	\$ 391	\$ 48,062	\$ 1,888	\$ 9,969	\$ 1,032	\$ 10,044	\$ 7,006
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	29,939	-	-	-	8,111	4,342
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	850	-	1,831	8,351	11,727	-	-
Total receipts	<u>850</u>	<u>29,939</u>	<u>1,831</u>	<u>8,351</u>	<u>11,727</u>	<u>8,111</u>	<u>4,342</u>
Disbursements:							
Personal services	-	-	-	-	10,199	-	-
Supplies	230	23,501	2,238	-	-	-	-
Other services and charges	-	-	-	-	-	338	2,338
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	9,946	-	-	-
Total disbursements	<u>230</u>	<u>23,501</u>	<u>2,238</u>	<u>9,946</u>	<u>10,199</u>	<u>338</u>	<u>2,338</u>
Excess (deficiency) of receipts over disbursements	<u>620</u>	<u>6,438</u>	<u>(407)</u>	<u>(1,595)</u>	<u>1,528</u>	<u>7,773</u>	<u>2,004</u>
Cash and investments - ending	<u>\$ 1,011</u>	<u>\$ 54,500</u>	<u>\$ 1,481</u>	<u>\$ 8,374</u>	<u>\$ 2,560</u>	<u>\$ 17,817</u>	<u>\$ 9,010</u>

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

	Payroll	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest	Wastewater Utility Deprec/ Improve	Wastewater Utility-Customer Deposit	Wastewater Utility-Debt Reserve
Cash and investments - beginning	\$ -	\$ 9,505	\$ 223	\$ 28,214	\$ 12,543	\$ 33,584
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	214,087	-	-	-	-
Other receipts	332,053	-	49,200	5,224	3,252	18,644
Total receipts	<u>332,053</u>	<u>214,087</u>	<u>49,200</u>	<u>5,224</u>	<u>3,252</u>	<u>18,644</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	49,010	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	220,185	-	11,021	2,669	-
Other disbursements	332,053	-	-	-	-	-
Total disbursements	<u>332,053</u>	<u>220,185</u>	<u>49,010</u>	<u>11,021</u>	<u>2,669</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(6,098)</u>	<u>190</u>	<u>(5,797)</u>	<u>583</u>	<u>18,644</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,407</u>	<u>\$ 413</u>	<u>\$ 22,417</u>	<u>\$ 13,126</u>	<u>\$ 52,228</u>

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

	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility- Depreciation/ Improve	Water Utility-Customer Deposit	Storm Water Utility-Customer Dep	Totals
Cash and investments - beginning	\$ 55,387	\$ 6,088	\$ 147,580	\$ 15,481	\$ 6,362	\$ 522,709
Receipts:						
Taxes	-	-	-	-	-	178,473
Licenses and permits	-	-	-	-	-	1,371
Intergovernmental	-	-	-	-	-	177,435
Charges for services	-	-	-	-	-	839
Fines and forfeits	-	-	-	-	-	1,056
Utility fees	-	-	-	-	-	214,087
Other receipts	168,467	7,100	437,474	2,200	13,967	1,084,079
Total receipts	168,467	7,100	437,474	2,200	13,967	1,657,340
Disbursements:						
Personal services	-	-	-	-	-	170,846
Supplies	-	-	-	-	-	49,798
Other services and charges	-	-	-	-	-	149,361
Debt service - principal and interest	-	-	-	-	-	49,010
Capital outlay	-	-	-	2,795	-	29,831
Utility operating expenses	188,613	3,450	484,463	-	7,736	918,137
Other disbursements	-	-	-	-	-	342,129
Total disbursements	188,613	3,450	484,463	2,795	7,736	1,709,112
Excess (deficiency) of receipts over disbursements	(20,146)	3,650	(46,989)	(595)	6,231	(51,772)
Cash and investments - ending	\$ 35,241	\$ 9,738	\$ 100,591	\$ 14,886	\$ 12,593	\$ 470,937

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

	General Fund	Motor Vehicle Highway	Local Road And Street	Riverboat	Park Donation	Rainy Day	Cont Law Enf Fund
Cash and investments - beginning	\$ 28,651	\$ 42,471	\$ 8,201	\$ 22,858	\$ 4,751	\$ 1,739	\$ 2,873
Receipts:							
Taxes	171,579	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	550
Intergovernmental	73,085	44,204	4,765	-	-	-	-
Charges for services	42	-	-	-	-	-	-
Fines and forfeits	1,663	-	-	-	-	-	187
Utility fees	-	-	-	-	-	-	-
Other receipts	45,387	-	-	8,861	-	3,102	-
Total receipts	<u>291,756</u>	<u>44,204</u>	<u>4,765</u>	<u>8,861</u>	<u>-</u>	<u>3,102</u>	<u>737</u>
Disbursements:							
Personal services	136,827	27,191	-	-	-	66	-
Supplies	13,833	13,767	3,938	-	-	-	1,752
Other services and charges	124,552	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>275,212</u>	<u>40,958</u>	<u>3,938</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>1,752</u>
Excess (deficiency) of receipts over disbursements	<u>16,544</u>	<u>3,246</u>	<u>827</u>	<u>8,861</u>	<u>-</u>	<u>3,036</u>	<u>(1,015)</u>
Cash and investments - ending	<u>\$ 45,195</u>	<u>\$ 45,717</u>	<u>\$ 9,028</u>	<u>\$ 31,719</u>	<u>\$ 4,751</u>	<u>\$ 4,775</u>	<u>\$ 1,858</u>

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

	Payroll Fund	Downtown Fund	EDIT Fund	First Responder Fund	Volunteer Fund	Medical Fund	Cumulative Capital Development
Cash and investments - beginning	\$ -	\$ 1,011	\$ 54,500	\$ 1,481	\$ 8,374	\$ 2,560	\$ 17,817
Receipts:							
Taxes	320,058	-	-	-	-	-	6,555
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	615
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	25,559	4,244	8,766	12,214	-
Total receipts	<u>320,058</u>	<u>-</u>	<u>25,559</u>	<u>4,244</u>	<u>8,766</u>	<u>12,214</u>	<u>7,170</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	39	-	3,938	-	-	4,091
Other services and charges	320,051	-	-	-	8,678	9,917	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	51,800	713	-	-	-
Total disbursements	<u>320,051</u>	<u>39</u>	<u>51,800</u>	<u>4,651</u>	<u>8,678</u>	<u>9,917</u>	<u>4,091</u>
Excess (deficiency) of receipts over disbursements	<u>7</u>	<u>(39)</u>	<u>(26,241)</u>	<u>(407)</u>	<u>88</u>	<u>2,297</u>	<u>3,079</u>
Cash and investments - ending	<u>\$ 7</u>	<u>\$ 972</u>	<u>\$ 28,259</u>	<u>\$ 1,074</u>	<u>\$ 8,462</u>	<u>\$ 4,857</u>	<u>\$ 20,896</u>

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

	Cumulative Capital Improvement	Storm Water Utility-Operating	Wastewater Utility-Operating	Wastewater Utility-Bond And Interest	Wastewater Utility Deprec/ Improve	Wastewater Utility-Customer Deposit
Cash and investments - beginning	\$ 9,010	\$ 12,593	\$ 3,407	\$ 413	\$ 22,417	\$ 13,126
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,146	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	37,590	208,315	-	-	-
Other receipts	-	-	-	49,200	5,918	3,184
Total receipts	4,146	37,590	208,315	49,200	5,918	3,184
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	6,506	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	49,280	-	-
Capital outlay	-	25,250	-	-	-	-
Utility operating expenses	-	-	193,342	-	5,601	-
Other disbursements	-	-	-	-	-	2,233
Total disbursements	6,506	25,250	193,342	49,280	5,601	2,233
Excess (deficiency) of receipts over disbursements	(2,360)	12,340	14,973	(80)	317	951
Cash and investments - ending	\$ 6,650	\$ 24,933	\$ 18,380	\$ 333	\$ 22,734	\$ 14,077

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

	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility Depreciation/ Improve	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 52,228	\$ 35,241	\$ 9,738	\$ 100,591	\$ 14,886	\$ 470,937
Receipts:						
Taxes	-	-	-	-	-	498,192
Licenses and permits	-	-	-	-	-	550
Intergovernmental	-	-	-	-	-	126,815
Charges for services	-	-	-	-	-	42
Fines and forfeits	-	-	-	-	-	1,850
Utility fees	-	165,025	-	-	-	410,930
Other receipts	6,088	-	7,200	6,000	2,134	187,857
Total receipts	6,088	165,025	7,200	6,000	2,134	1,226,236
Disbursements:						
Personal services	-	-	-	-	-	164,084
Supplies	-	-	-	-	-	47,864
Other services and charges	-	-	-	-	-	463,198
Debt service - principal and interest	-	-	-	-	-	49,280
Capital outlay	-	-	-	-	-	25,250
Utility operating expenses	-	-	-	-	-	198,943
Other disbursements	-	165,254	3,350	14,627	1,814	239,791
Total disbursements	-	165,254	3,350	14,627	1,814	1,188,410
Excess (deficiency) of receipts over disbursements	6,088	(229)	3,850	(8,627)	320	37,826
Cash and investments - ending	\$ 58,316	\$ 35,012	\$ 13,588	\$ 91,964	\$ 15,206	\$ 508,763

TOWN OF PARKER CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are not being reported retroactively prior to 2004. As the government constructs or acquires new infrastructure assets, they will be reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 35,800
Buildings	111,939
Improvements other than buildings	67,078
Machinery and equipment	<u>348,549</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 563,366</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 4,120
Buildings	67,824
Improvements other than buildings	1,364,979
Machinery and equipment	<u>143,913</u>
 Total Water Utility capital assets	 <u>1,580,836</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	5,108
Buildings	146,834
Improvements other than buildings	2,670,604
Machinery and equipment	<u>168,573</u>
 Total Wastewater Utility capital assets	 <u>2,991,119</u>
 Total business-type activities capital assets	 <u>\$ 4,571,955</u>

TOWN OF PARKER CITY
 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:		
Water Utility:		
Revenue bonds:		
Waterworks improvements	\$ 27,000	\$ 3,350
Wastewater Utility:		
Loan payable:		
State revolving fund loan for sewage works improvements	<u>183,500</u>	<u>49,505</u>
Total business-type activities debt	<u>\$ 210,500</u>	<u>\$ 52,855</u>

TOWN OF PARKER CITY
EXAMINATION RESULTS AND COMMENTS

GHOST EMPLOYMENT

Town employees performed work on private premises during their regular work day using Town equipment for both employees and citizens. This policy has been in existence for a number of years.

A Town manual, Standard Operating Procedures, does allow for personal use of equipment for employees and citizens with proper approval.

Indiana Code 35-44-2-4 states

"Ghost employment

Sec. 4. (a) A public servant who knowingly or intentionally:

- (1) hires an employee for the governmental entity that he serves; and
- (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the governmental entity; commits ghost employment, a Class D felony.

(b) A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony.

(c) A person employed by a governmental entity who, knowing that he has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony.

(d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony.

(e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides.

(f) For the purposes of this section, an employee of a governmental entity who voluntarily performs services:

- (1) that do not:
 - (A) promote religion;
 - (B) attempt to influence legislation or governmental policy; or
 - (C) attempt to influence elections to public office;

TOWN OF PARKER CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (2) for the benefit of:
 - (A) another governmental entity; or
 - (B) an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code;"
- (3) with the approval of the employee's supervisor; and
- (4) in compliance with a policy or regulation that:
 - (A) is in writing;
 - (B) is issued by the executive officer of the governmental entity; and
 - (C) contains a limitation on the total time during any calendar year that the employee may spend performing the services during normal hours of employment; is considered to be performing duties related to the operation of the governmental entity."

DISTRIBUTION OF GROSS REVENUES TO THE WATER DEPRECIATION FUND

Gross revenues were not distributed to the Water Depreciation Fund in accordance with Revenue Bond Ordinance 135-79. Transfers from the Water Operating Fund to the Water Depreciation Fund were insufficient by \$13,142 and \$13,745, respectively, for the years ended December 31, 2009 and December 31, 2010.

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)

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
General	2010	\$ 17,164

Indiana Code 6-1.1-18-4 states in part:

". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF PARKER CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DISPOSAL OF PROPERTY

The Town sold property to a Board member for \$10,000. The two appraisals obtained totaled \$29,000 and \$40,000. No additional notice stating the amount of the bid to be accepted was published.

Indiana Code 36-1-11-4 states:

"Sale or transfer of real property; procedure

Sec. 4. (a) A disposing agent who wants to sell or transfer real property must comply with this section, except as permitted by section 4.1, 4.2, 5, 5.5, 5.7, 5.9, 8, 14, or 15 of this chapter.

(b) The disposing agent shall first have the property appraised by two (2) appraisers. The appraisers must be:

- (1) professionally engaged in making appraisals;
- (2) licensed under IC 25-34.1; or
- (3) employees of the political subdivision familiar with the value of the property.

(c) After the property is appraised, the disposing agent shall publish a notice in accordance with IC 5-3-1 setting forth the terms and conditions of the sale and, when subsection (e) is employed, may engage an auctioneer licensed under IC 25-6.1 to advertise the sale and to conduct a public auction. The advertising conducted by the auctioneer is in addition to any other notice required by law and shall include a detailed description of the property to be sold stating the key numbers, if any, of the tracts within that property. If the disposing agent determines that the best sale of the property can be made by letting the bidders determine certain conditions of the sale (such as required zoning or soil or drainage conditions) as a prerequisite to purchasing the property, the disposing agent may permit the bidders to specify those conditions. The notice must state the following:

- (1) Bids will be received beginning on a specific date.
- (2) The sale will continue from day to day for a period determined by the disposing agent of not more than sixty (60) days.
- (3) The property may not be sold to a person who is ineligible under section 16 of this chapter.
- (4) A bid submitted by a trust (as defined in IC 30-4-1-1(a)) must identify each:
 - (A) beneficiary of the trust; and
 - (B) settlor empowered to revoke or modify the trust.

(d) A bid must be open to public inspection. A bidder may raise the bidder's bid, and subject to subsection (e), that raise takes effect after the board has given written notice of that raise to the other bidders.

TOWN OF PARKER CITY
EXAMINATION RESULTS AND COMMENTS
(Continued)

(e) The disposing agent may also engage an auctioneer licensed under IC 25-6.1 to conduct a sale by public auction. The auction may be conducted either at the time for beginning the sale in accordance with the public notice or after the beginning of the sale. The disposing agent shall give each bidder who has submitted a bid written notice of the time and place of the auction.

(f) The disposing agent may, before expiration of the time set out in the notice, sell the property to the highest and best bidder. The highest and best bidder must have complied with any requirement under subsection (c)(4). However, the disposing agent may sell the property for less than ninety percent (90%) of the average of the two (2) appraisals of the tracts only after an additional notice stating the amount of the bid to be accepted is published in accordance with IC 5-3-1. [Our Emphasis] The disposing agent may reject all bids. If the disposing agent rejects all bids, the disposing agent must make a written determination to reject all bids explaining why all bids were rejected."

TOWN OF PARKER CITY
EXIT CONFERENCE

The contents of this report were discussed on September 14, 2011, with Kim K. Walker, Clerk-Treasurer, and Fred Ludington, President of the Town Council.