

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF LAWRENCE

MARION COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
08/08/2012



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Kimberly M. Diller	01-01-11 to 12-31-12
Mayor	Hon. F. Paul Ricketts Hon. Dean Jessup	01-01-08 to 12-31-11 01-01-12 to 12-31-15
Clerk	Kathleen A. Walton	01-01-08 to 12-31-15
Chairman of the Board of Public Works and Safety	R. Douglas Reeser Karen Horth-Powers	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Common Council	Donald Poteat Linda Treat	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Utility Service Board	Jason Woodruff Charles Thompson	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Utilities	Carlton Curry John Solenberg	01-01-11 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF LAWRENCE, MARION COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Lawrence (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 27, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities 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

June 27, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF LAWRENCE, MARION COUNTY, INDIANA

We have audited the financial statement of the City of Lawrence (City), for the year ended December 31, 2011, and have issued our report thereon dated June 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities 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

June 27, 2012

## FINANCIAL STATEMENT

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

CITY OF LAWRENCE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 1,021,105	\$ 24,869,265	\$ 25,800,709	\$ 89,661
Motor Vehicle Highway	334,030	1,702,231	1,845,421	190,840
Local Road And Street	175,256	477,695	388,420	264,531
Park Nonreverting Operating	323,704	184,966	216,840	291,830
Emergency Medical Services/Ambulance	46,848	1,025,221	976,959	95,110
Animal Shelter	1,316	515	-	1,831
Law Enforcement Continuing Education	97,834	38,670	19,764	116,740
Deferral Program	16,742	11,635	20,041	8,336
Rainy Day	1,271,109	-	800,000	471,109
Hazardous Materials Response	14,900	1,695	9,160	7,435
Federal Revenue Sharing Trust	31,380	78,477	89,257	20,600
Levy Excess	28,563	-	-	28,563
Redevelopment Capital	619,014	1,845,644	513,052	1,951,606
Cumulative Capital Building	52,193	-	-	52,193
Cumulative Capital Improvement	78,101	450,990	381,245	147,846
Ft. Harrison Reuse Authority	1,951,885	3,322,650	3,531,381	1,743,154
Self Funding Insurance	(1,556,991)	6,940,431	5,897,446	(514,006)
Police Pension	62,206	460,467	413,970	108,703
Redevelopment Debt Reserve	-	185,778	-	185,778
Flexible Spending Clearing Account	-	337,214	201,119	136,095
Donations	44,416	77,040	54,897	66,559
Federal Grants	(5,085)	1,492,903	1,601,205	(113,387)
State Grant	14,836	-	-	14,836
Special Non-Reverting	711,896	-	-	711,896
Developers Escrow Fund	95,745	-	-	95,745
Local Grant	2,112	-	-	2,112
Public Safety Tax	343,174	1,454,751	1,686,846	111,079
Park Building Debt	59,988	96,000	89,500	66,488
Park Bond - 1990	8,301	-	-	8,301
Park Debt - 1998	116,670	264,000	252,758	127,912
Fire Debt II (Station 3)	16,899	-	-	16,899
Fire Debt V (Station 4)	68,490	-	-	68,490
Fire Debt (Stn 2 & Training Ctr)	369,307	301,218	392,100	278,425
Municipal Building Corp Debt	27,488	679,672	693,966	13,194
Government Center Debt	79,214	-	-	79,214
Transportation Bond (Proceeds)	137,378	-	-	137,378
Payroll	1,228,300	24,313,719	25,674,118	(132,099)
Wastewater Utility - Operating	2,504,193	8,163,938	8,282,549	2,385,582
Wastewater Utility - Bond and Interest Sinking	(1,000)	-	-	(1,000)
Wastewater Utility - Capital Improvement	-	2,036,000	83,964	1,952,036
Wastewater Utility - Bond Proceeds	50,580	-	-	50,580
Wastewater Utility - SRF Loan	(1,953,610)	2,127,353	307,671	(133,928)
Wastewater Utility - Bond Proceeds '09	1,717,564	-	66,855	1,650,709
Wastewater Utility - Debt Service Reserve '09	5,792	140,029	324	145,497
Wastewater Utility - Debt Reserve	234,530	-	387	234,143
Water Utility - Operating	2,036,506	6,617,949	7,385,177	1,269,278
Water Utility - Bond and Interest Sinking	(1,000)	-	-	(1,000)
Water Utility - Capital Improvement	-	434,537	47,675	386,862
Water Utility - Bond Proceeds	313,000	-	-	313,000
Water Utility - Bond Proceeds '09	163,214	-	-	163,214
Water Utility - Debt Service Reserve '09	9,154	217,316	340	226,130
Water Utility - Debt Reserve	664,169	141	166	664,144
<b>Totals</b>	<b>\$ 13,631,416</b>	<b>\$ 90,350,110</b>	<b>\$ 87,725,282</b>	<b>\$ 16,256,244</b>

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

CITY OF LAWRENCE  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is 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 statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

CITY OF LAWRENCE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

Penalties which include fees received for late payments.

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 statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

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

CITY OF LAWRENCE  
NOTES TO FINANCIAL STATEMENT  
(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 City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF LAWRENCE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

CITY OF LAWRENCE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*B. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

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

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

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

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

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF LAWRENCE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Park Nonreverting Operating	Emergency Medical Services/ Ambulance	Animal Shelter	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 1,021,105	\$ 334,030	\$ 175,256	\$ 323,704	\$ 46,848	\$ 1,316	\$ 97,834
Receipts:							
Taxes	9,002,284	-	-	-	-	-	-
Licenses and permits	272,862	3,670	-	-	-	-	14,390
Intergovernmental	3,869,424	1,698,066	477,695	-	-	-	13,688
Charges for services	2,222,607	-	-	180,660	1,025,209	430	10,592
Fines and forfeits	85,339	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	9,416,749	495	-	4,306	12	85	-
Total receipts	<u>24,869,265</u>	<u>1,702,231</u>	<u>477,695</u>	<u>184,966</u>	<u>1,025,221</u>	<u>515</u>	<u>38,670</u>
Disbursements:							
Personal services	17,143,148	954,515	-	27,494	706,903	-	-
Supplies	819,041	418,666	30,659	47,202	129,482	-	14,027
Other services and charges	2,442,302	402,379	636	95,325	116,446	-	5,737
Debt service - principal and interest	5,289,647	51,614	357,125	-	6,636	-	-
Capital outlay	103,191	18,247	-	46,819	17,492	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,380	-	-	-	-	-	-
Total disbursements	<u>25,800,709</u>	<u>1,845,421</u>	<u>388,420</u>	<u>216,840</u>	<u>976,959</u>	<u>-</u>	<u>19,764</u>
Excess (deficiency) of receipts over disbursements	<u>(931,444)</u>	<u>(143,190)</u>	<u>89,275</u>	<u>(31,874)</u>	<u>48,262</u>	<u>515</u>	<u>18,906</u>
Cash and investments - ending	<u>\$ 89,661</u>	<u>\$ 190,840</u>	<u>\$ 264,531</u>	<u>\$ 291,830</u>	<u>\$ 95,110</u>	<u>\$ 1,831</u>	<u>\$ 116,740</u>

CITY OF LAWRENCE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Deferral Program	Rainy Day	Hazardous Materials Response	Federal Revenue Sharing Trust	Levy Excess	Redevelopment Capital	Cumulative Capital Building
Cash and investments - beginning	\$ 16,742	\$ 1,271,109	\$ 14,900	\$ 31,380	\$ 28,563	\$ 619,014	\$ 52,193
Receipts:							
Taxes	-	-	-	-	-	860,148	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	78,477	-	-	-
Charges for services	-	-	1,695	-	-	-	-
Fines and forfeits	11,635	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	985,496	-
Total receipts	<u>11,635</u>	<u>-</u>	<u>1,695</u>	<u>78,477</u>	<u>-</u>	<u>1,845,644</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	13,935	-	6,566	22,826	-	-	-
Other services and charges	1,106	-	174	9,606	-	244,666	-
Debt service - principal and interest	-	-	-	-	-	43,500	-
Capital outlay	5,000	-	2,420	56,825	-	39,108	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	800,000	-	-	-	185,778	-
Total disbursements	<u>20,041</u>	<u>800,000</u>	<u>9,160</u>	<u>89,257</u>	<u>-</u>	<u>513,052</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(8,406)</u>	<u>(800,000)</u>	<u>(7,465)</u>	<u>(10,780)</u>	<u>-</u>	<u>1,332,592</u>	<u>-</u>
Cash and investments - ending	<u>\$ 8,336</u>	<u>\$ 471,109</u>	<u>\$ 7,435</u>	<u>\$ 20,600</u>	<u>\$ 28,563</u>	<u>\$ 1,951,606</u>	<u>\$ 52,193</u>

CITY OF LAWRENCE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Cumulative Capital Improvement	Ft. Harrison Reuse Authority	Self Funding Insurance	Police Pension	Redevelopment Debt Reserve	Flexible Spending Clearing Account	Donations
Cash and investments - beginning	\$ 78,101	\$ 1,951,885	\$ (1,556,991)	\$ 62,206	\$ -	\$ -	\$ 44,416
Receipts:							
Taxes	347,663	3,322,650	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	37,227	-	-	460,467	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	66,100	-	6,940,431	-	185,778	337,214	77,040
Total receipts	<u>450,990</u>	<u>3,322,650</u>	<u>6,940,431</u>	<u>460,467</u>	<u>185,778</u>	<u>337,214</u>	<u>77,040</u>
Disbursements:							
Personal services	78,221	-	-	413,970	-	-	-
Supplies	-	-	-	-	-	-	12,778
Other services and charges	-	-	5,897,446	-	-	-	42,119
Debt service - principal and interest	259,677	-	-	-	-	-	-
Capital outlay	43,347	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	3,531,381	-	-	-	201,119	-
Total disbursements	<u>381,245</u>	<u>3,531,381</u>	<u>5,897,446</u>	<u>413,970</u>	<u>-</u>	<u>201,119</u>	<u>54,897</u>
Excess (deficiency) of receipts over disbursements	<u>69,745</u>	<u>(208,731)</u>	<u>1,042,985</u>	<u>46,497</u>	<u>185,778</u>	<u>136,095</u>	<u>22,143</u>
Cash and investments - ending	<u>\$ 147,846</u>	<u>\$ 1,743,154</u>	<u>\$ (514,006)</u>	<u>\$ 108,703</u>	<u>\$ 185,778</u>	<u>\$ 136,095</u>	<u>\$ 66,559</u>

CITY OF LAWRENCE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Federal Grants	State Grant	Special Non-Reverting	Developers Escrow Fund	Local Grant	Public Safety Tax	Park Building Debt
Cash and investments - beginning	\$ (5,085)	\$ 14,836	\$ 711,896	\$ 95,745	\$ 2,112	\$ 343,174	\$ 59,988
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,492,903	-	-	-	-	1,454,751	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	96,000
Total receipts	<u>1,492,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,454,751</u>	<u>96,000</u>
Disbursements:							
Personal services	1,309,859	-	-	-	-	706,886	-
Supplies	30,603	-	-	-	-	272,185	-
Other services and charges	212,961	-	-	-	-	250,918	1,000
Debt service - principal and interest	-	-	-	-	-	180,037	88,500
Capital outlay	47,782	-	-	-	-	276,820	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>1,601,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,686,846</u>	<u>89,500</u>
Excess (deficiency) of receipts over disbursements	<u>(108,302)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(232,095)</u>	<u>6,500</u>
Cash and investments - ending	<u>\$ (113,387)</u>	<u>\$ 14,836</u>	<u>\$ 711,896</u>	<u>\$ 95,745</u>	<u>\$ 2,112</u>	<u>\$ 111,079</u>	<u>\$ 66,488</u>

CITY OF LAWRENCE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Park Bond - 1990	Park Debt - 1998	Fire Debt II (Station 3)	Fire Debt V (Station 4)	Fire Debt (Stn 2 & Training Ctr)	Municipal Building Corp Debt	Government Center Debt
Cash and investments - beginning	\$ 8,301	\$ 116,670	\$ 16,899	\$ 68,490	\$ 369,307	\$ 27,488	\$ 79,214
Receipts:							
Taxes	-	-	-	-	272,084	613,933	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	29,134	65,739	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	264,000	-	-	-	-	-
Total receipts	-	264,000	-	-	301,218	679,672	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	1,100	-	-
Debt service - principal and interest	-	252,758	-	-	391,000	693,966	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	252,758	-	-	392,100	693,966	-
Excess (deficiency) of receipts over disbursements	-	11,242	-	-	(90,882)	(14,294)	-
Cash and investments - ending	\$ 8,301	\$ 127,912	\$ 16,899	\$ 68,490	\$ 278,425	\$ 13,194	\$ 79,214

CITY OF LAWRENCE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Transportation Bond (Proceeds)	Payroll	Wastewater Utility - Operating	Wastewater Utility - Bond and Interest Sinking	Wastewater Utility - Capital Improvement	Wastewater Utility - Bond Proceeds
Cash and investments - beginning	\$ 137,378	\$ 1,228,300	\$ 2,504,193	\$ (1,000)	\$ -	\$ 50,580
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	7,740,074	-	-	-
Penalties	-	-	77,414	-	-	-
Other receipts	-	24,313,719	346,450	-	2,036,000	-
Total receipts	-	24,313,719	8,163,938	-	2,036,000	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	835,941	-	-	-
Capital outlay	-	-	4,061	-	83,964	-
Utility operating expenses	-	-	5,266,518	-	-	-
Other disbursements	-	25,674,118	2,176,029	-	-	-
Total disbursements	-	25,674,118	8,282,549	-	83,964	-
Excess (deficiency) of receipts over disbursements	-	(1,360,399)	(118,611)	-	1,952,036	-
Cash and investments - ending	\$ 137,378	\$ (132,099)	\$ 2,385,582	\$ (1,000)	\$ 1,952,036	\$ 50,580

CITY OF LAWRENCE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater Utility - SRF Loan	Wastewater Utility - Bond Proceeds '09	Wastewater Utility - Debt Service Reserve '09	Wastewater Utility - Debt Reserve	Water Utility - Operating	Water Utility - Bond and Interest Sinking
Cash and investments - beginning	\$ (1,953,610)	\$ 1,717,564	\$ 5,792	\$ 234,530	\$ 2,036,506	\$ (1,000)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	6,333,595	-
Penalties	-	-	-	-	-	-
Other receipts	2,127,353	-	140,029	-	284,354	-
Total receipts	2,127,353	-	140,029	-	6,617,949	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	1,356,744	-
Capital outlay	-	-	-	-	3,671	-
Utility operating expenses	307,671	66,855	324	387	5,372,909	-
Other disbursements	-	-	-	-	651,853	-
Total disbursements	307,671	66,855	324	387	7,385,177	-
Excess (deficiency) of receipts over disbursements	1,819,682	(66,855)	139,705	(387)	(767,228)	-
Cash and investments - ending	\$ (133,928)	\$ 1,650,709	\$ 145,497	\$ 234,143	\$ 1,269,278	\$ (1,000)

CITY OF LAWRENCE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Water Utility - Capital Improvement	Water Utility - Bond Proceeds	Water Utility - Bond Proceeds '09	Water Utility - Debt Service Reserve '09	Water Utility - Debt Reserve	Totals
Cash and investments - beginning	\$ -	\$ 313,000	\$ 163,214	\$ 9,154	\$ 664,169	\$ 13,631,416
Receipts:						
Taxes	-	-	-	-	-	14,418,762
Licenses and permits	-	-	-	-	-	290,922
Intergovernmental	-	-	-	-	-	9,677,571
Charges for services	-	-	-	-	-	3,441,193
Fines and forfeits	-	-	-	-	-	96,974
Utility fees	-	-	-	-	-	14,073,669
Penalties	-	-	-	-	-	77,414
Other receipts	434,537	-	-	217,316	141	48,273,605
Total receipts	434,537	-	-	217,316	141	90,350,110
Disbursements:						
Personal services	-	-	-	-	-	21,340,996
Supplies	-	-	-	-	-	1,817,970
Other services and charges	-	-	-	-	-	9,723,921
Debt service - principal and interest	-	-	-	-	-	9,807,145
Capital outlay	47,675	-	-	-	-	796,422
Utility operating expenses	-	-	-	340	166	11,015,170
Other disbursements	-	-	-	-	-	33,223,658
Total disbursements	47,675	-	-	340	166	87,725,282
Excess (deficiency) of receipts over disbursements	386,862	-	-	216,976	(25)	2,624,828
Cash and investments - ending	\$ 386,862	\$ 313,000	\$ 163,214	\$ 226,130	\$ 664,144	\$ 16,256,244

CITY OF LAWRENCE  
 SCHEDULE OF LEASES AND DEBT  
 As of December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Capital leases	Facilities and Equipment	\$ 13,538,549	\$ 2,244,142
General obligation bonds	Community Park Soccer Fields, City Roads	<u>5,335,000</u>	<u>620,459</u>
Total governmental activities		<u>18,873,549</u>	<u>2,864,601</u>
Wastewater:			
Revenue bonds	Waterworks Plant Improvements	<u>9,404,803</u>	<u>787,959</u>
Water:			
Revenue bonds	Sewage Works Plant Improvements	<u>12,730,000</u>	<u>1,238,724</u>
Totals		<u>\$ 41,008,352</u>	<u>\$ 4,891,284</u>

CITY OF LAWRENCE  
SCHEDULE OF CAPITAL ASSETS  
As of December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 2,839,000
Infrastructure	122,565,521
Buildings	577,888
Improvements other than buildings	4,753,685
Machinery, equipment and vehicles	7,975,378
Total governmental activities	138,711,472
Wastewater:	
Infrastructure	36,790,481
Improvements other than buildings	5,493
Machinery, equipment and vehicles	301,113
Total Wastewater	37,097,087
Water:	
Land	610,062
Buildings	3,311,800
Infrastructure	68,412,129
Improvements other than buildings	1,386
Machinery, equipment and vehicles	3,648,419
Total Water	75,983,796
Total capital assets	\$ 251,792,355

CITY OF LAWRENCE  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The cash balances of the following funds were overdrawn at December 31, 2011.

Fund	Amount
Self-Funding Insurance	\$ 514,006
Payroll	132,099
Wastewater Utility - Bond and Interest Sinking	1,000
Water Utility – Bond and Interest Sinking	1,000

Other funds presented on the financial statement show a negative balance at December 31, 2011; however, those funds account for reimbursable grants.

A similar comment was made in the prior Report B39737.

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)

**BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the fund balances to the bank account balances were presented for audit; however, the reconciliations contained numerous small adjustments from prior periods totaling \$459.52. At December 31, 2011, there were 23 current year small adjustments totaling \$1,004.26. The net effect of current and prior year adjustments results in a cash long amount of \$544.74. The Controller's office made a significant effort to identify the corrections or adjustments. The total amount was not material to the financial statement; therefore an audit adjustment was not necessary.

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."

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

**OFFICIAL BOND**

The City's official bonds for public officials and employees covering 2010-2011 and 2011-2012 were not filed in the Office of the County Recorder. The Utility Superintendent was not covered by an official bond, as required by statute.

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. . . ."

CITY OF LAWRENCE  
AUDIT RESULTS AND COMMENTS  
(Continued)

**PAYROLL FUND AND WITHHOLDINGS**

The Payroll Fund, which is used to temporarily account for the funds withheld from employee's payroll deductions, is not segregated by the type of withholdings within the New World accounting system. The City did not provide a subsidiary ledger or a reconciliation of the money in the Payroll fund as of December 31, 2011. Therefore, we could not determine the validity of the ending balance of the fund. The ending balance of the fund is not material to the financial statements. The City has stated that this will be corrected during 2012.

If the local officials decide to establish a "Payroll Fund," the following procedures should be used in connection with such fund. . . .

6. Payroll deductions will be accumulated in the payroll fund, and then disbursed from this fund at the proper time to the various receiving agencies by payroll warrants. It is suggested the payroll fund ledger sheet be supported by subsidiary ledger sheets for each type of payroll deduction in order to see that no unidentified balance is allowed to accumulate in the payroll fund.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 3)

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)

**LEASE PAYMENTS - POSTING ERRORS**

The following errors were noted in the general ledger posting of lease payments:

1. Principal portions of payments were posted to the interest expense classification while the interest portions were posted to the principal classification. These errors totaled \$21,099 for the General Fund and \$2,381 for the Utilities.
2. Motor Vehicle Highway principal lease payments totaling \$1,194 for the Garage were initially posted to the Motor Vehicle Highway liability but subsequently transferred to the General Fund's principal classification.
3. Operating lease payments for copiers totaling \$11,782 were posted to debt service instead of other services and charges.

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)

**CITY BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS**

Accounts receivables for emergency medical and trash collection were not covered by formal policies addressing the write-off of old uncollectible accounts. A similar comment appeared in several previous reports, the most recent being Report B39737.

CITY OF LAWRENCE  
AUDIT RESULTS AND COMMENTS  
(Continued)

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**RECEIPT ISSUANCE**

Some electronic deposits including EMS and utility government payments were received without receipts being issued. Excluding the end of year Utility Lockbox deposit, there were 11 unrecorded payments totaling \$8,023.92 carried as reconciling items on the December 31, 2011 bank reconciliation with a DCD payment of \$54.79 received in August 2011 being the oldest amount not receipted.

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)

**UTILITY RECEIPTS TAX**

The City of Lawrence Water Utility did not pay Utility Receipts Tax to the Indiana Department of Revenue in 2011 and has not paid this tax for the prior three years. Utility Receipts Tax on an estimated \$6 million in sales would equal \$84,000. We did not determine the exact amount due for the period, so the tax liability is not known. A similar comment appeared in the prior three reports, the most recent being Report B39737.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**UTILITY OPERATING FUNDS TRANSFERRED TO CITY**

Monthly transfers of funds from the Water and Wastewater Utilities' Operating Funds to the City funds were authorized by the Utility Service Board. The transfers from the Water Operating Fund were not made in accordance with Indiana Code 8-1.5-3-11 which requires the establishment of a Cash Reserve Fund." Transfers from the Wastewater Operating Fund were not made in accordance with Indiana Code 36-9-23-25, which requires that transferred amounts equate to the amount of property taxes that would be paid the municipality, if the utility was privately owned.

In 2011, \$3,179,220 was transferred from the Utilities to the City and receipted to the General (\$2,819,220), Park Building (\$96,000) and Park Debt – 1988 Funds (\$264,000).

A similar comment was made in the prior Report B39737.

CITY OF LAWRENCE  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 8-1.5-3-12 states in part:

"(d) After creation of the cash reserve fund, the legislative body may include in the municipal general fund budget, as revenue in lieu of taxes, an amount equal to the actual balance in the cash reserve fund as of June 30 of the current year. However, the available cash reserve fund balance may be transferred to the municipal general fund only during the calendar year for which the budget was adopted, and transfers may not be made from any utility funds to the general fund except from the cash reserve fund.

(e) If at any time after the final approval of the budget an emergency should arise for further appropriations from the general fund, the legislative body may, by ordinance, transfer additional money from the cash reserve fund to the general fund to provide for the additional appropriations, the transfer to be limited to the accretions to the cash reserve fund since the preceding June 30."

Indiana Code 36-9-23-25 states in part:

"(d) The municipal legislative body may use one (1) or more of the following factors to establish the fees: . . .

(9) The amount of money sufficient to compensate the municipality for the property taxes that would be paid on the sewage works if the sewage works were privately owned. . . .

The board may transfer fees collected in lieu of taxes under subdivision (9) to the general fund of the municipality."

***UTILITY BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS - POLICY AND PRACTICE***

Accounts receivable contained several delinquent accounts which have not been written off and collection appears unlikely. The Utility used a collection agency and has filed liens in prior years to collect from some nonpaying customers. There were several more customers with delinquent wastewater account balances which have not had liens filed on their properties. The total accounts receivable on December 31, 2011, was \$1,982,292.77 as reflected on the Aging Balance Report, and \$811,066.82 had been outstanding over 120 days which represents 41 percent of the entire outstanding balance. It was not possible to determine the collectability of the amounts in the report. A similar comment appeared in the prior Report B39737.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF LAWRENCE  
AUDIT RESULTS AND COMMENTS  
(Continued)

***DELINQUENT WASTEWATER ACCOUNTS***

Testing of the balances on the accounts receivable listing indicated there were customer accounts which were delinquent for periods in excess of 90 days. No liens were filed by the Wastewater Utility in 2011. The delinquent wastewater fees and penalties should have been recorded with the County Recorder and certified to the County Auditor which would result in a lien against the property. A similar comment appeared in the prior Report B39737.

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

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

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

***INTERNAL CONTROLS OVER FUEL CARDS***

The City of Lawrence used gas cards for access to fuel for the City vehicles and equipment at the Street Department facility. The unit provided a listing of employees with fuel cards for audit. The list provided indicated that there were 378 active cards and 7 inactive cards. We identified the following concerns with the controls related to these cards:

- 5 active cards were issued in the name of a vehicle or piece of equipment.
- 9 employees were listed as having 2 cards.
- 101 individuals with active cards were not listed on the City's current employee list or on the police roster. No activity for those cards was observed for 2012.
- 39 cards issued have never been used and an additional 74 cards have not been used after January 1, 2011.

CITY OF LAWRENCE  
AUDIT RESULTS AND COMMENTS  
(Continued)

It is recommended that the City of Lawrence establish proper controls related to the issuance, use and deactivation of fuel cards.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***ABANDONED VEHICLES ORDINANCE***

The City of Lawrence ordinance §3-3-5-5 concerning the fees and charges related to abandoned vehicles was amended on April 20, 2011.

Ordinance 3-3-5-5 (B) states in part:

"... The towing service shall prepare and maintain invoices and receipts evidencing the fees and charges paid and received for its services. Copies of such invoices and receipts shall be provided at least monthly to the City Controller. (Am. Ord. 14, 2009, passed 4-6-2009; Am. Ord. 29, 2010, passed 4-20-2011)"

The Lawrence Police Department records indicate that 1,262 vehicles have been towed by a single company from May 1, 2011 to December 31, 2011. As of April 30, 2012, the City Controller indicated that they have not received any copies of invoices or receipts from the towing company since the amendment of the City ordinance.

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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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Fax: (317) 232-4711  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF LAWRENCE, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Lawrence (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be material weaknesses.

The City's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities 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

June 27, 2012

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF LAWRENCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-1054	\$ 26,637
Total for federal grantor agency			<u>26,637</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
ARRA - Surface Transportation - Discretionary Grants for Capital Investment	20.932		
ARRA - 2010 Paving Project		2010	14,350
Surface Transportation - Discretionary Grants for Capital Investment			
2010 Paving Project		2010	<u>13,136</u>
Total for federal grantor agency			<u>27,486</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
ARRA - Capitalization Grants for Clean Water State Revolving Funds			
Sewer Planning	66.458	WW09274901	<u>2,127,353</u>
Total for federal grantor agency			<u>2,127,353</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant			
ARRA - Energy Efficiency and Conservation Block Grant Program			
2010 Energy Efficiency and Conservation Block Grant	81.128	DE-EE002189	<u>97,600</u>
Total for federal grantor agency			<u>97,600</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2008-FF-00783	<u>1,341,180</u>
Total for federal grantor agency			<u>1,341,180</u>
Total federal awards expended			<u>\$ 3,620,256</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF LAWRENCE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Lawrence and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF LAWRENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458 97.083	ARRA - Capitalization Grants for Clean Water State Revolving Funds Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

CITY OF LAWRENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2011-1 - REPORTING AND ALLOWABLE COSTS**

Federal Agency: U.S. Department of Homeland Security  
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER) Grant  
CFDA Number: 97.083  
Federal Award Number and Year (or Other Identifying Number): EMV-2008-FF-00783

The City of Lawrence is required to submit a "Request of Funds Summary" every quarter to report the hiring performance and to request reimbursement of expenditures under this grant. During the audit period, the City of Lawrence did not have any management personnel, other than the grant manager, involved in monitoring the expenditure reports. Our audit of the reimbursement reports revealed that the reports were not completed with consistent information provided by payroll reports.

The report for the 6th quarter of the grant (September 13, 2010 to December 12, 2010) was observed as requesting an amount that had been paid on the 5th quarter report. This happened due to the City reporting the salary and benefits worked from September 1, 2010 to September 12, 2010 (quarter 5) but not paid until September 15, 2010. This duplication of expenditures resulted in an over reimbursement of \$40,076.28.

The City reported the actual net payroll amount paid to the fire fighters as the benefit amount for the 10th quarter (September 13, 2011 to December 12, 2011) instead of the gross amount for base salary and associated benefits.

The reports for all quarters also included non-scheduled payroll items, overtime and ride out pay, as part of the salary cost claimed which are not allowable costs under the grant.

The City prepared a worksheet which compared the amounts reported for reimbursement to the corrected report amounts for the 5th to the 10th quarters. Per the City's calculations, the total over reimbursement including the duplication mentioned above was \$57,523.15. The City has contacted the grant administrator and has received instructions on how to correct the issue.

44 CFR 13.20(b)(1) states: "Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

The Staffing for Adequate Fire and Emergency Response (SAFER) Grant program guide appendix A includes a section concerning funding restrictions which states in part: "Overtime costs are not eligible. However, costs for overtime fire departments routinely pay as a part of the base salary or the firefighter's regularly scheduled and contracted shift hours are eligible in order to comply with the Fair Labor Standards Act."

OMB Circular A133 Section .300(b) states:

"The auditee shall:

Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

CITY OF LAWRENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Incorrect reporting of the salary and benefits for the grant has resulted in the City receiving an additional \$57,523.15 in federal reimbursement.

We recommended that the City of Lawrence follow the instructions provided by the U.S. Department of Homeland Security to correct the problem and to develop internal controls over reporting and allowable costs activity to ensure that federal funds are spent for allowable costs and to ensure the accuracy of the information provided in the reports.

CITY OF LAWRENCE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



CITY OF  
**LAWRENCE**  
INDIANA

***LAWRENCE FIRE DEPARTMENT***

Finding 2011-1 – Internal Controls over Reporting/Questioned Costs

Federal Agency: U.S. Department of Homeland Security

Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER) Grant

CFDA Number: 97.083

Auditee Contact Person: Robert Wallace

Title of Contact Person: Division Chief – Administration

Completion Date: April 10, 2012

Regarding the 2011-1 – Internal Controls over Reporting/Questioned Costs finding the City of Lawrence Fire Department will be taking the following actions:

- The U.S. Department of Homeland Security has been contacted and been made aware of the situation. Tony Faison, the SAFER Grant state point of contact has asked the department to report future periods correct.
- In the future, before the final report is submitted, the City Payroll Coordinator along with the Administrative Chief shall double check the report data.
- Reports will be kept on hand in a file for future reference.

Please contact me with any additional questions or concerns,

Robert Wallace  
Division Chief of Administration  
City of Lawrence Fire Department  
9001 E. 59th St.  
Lawrence, IN. 46216  
Cell - 317-677-3411  
Office - 317-542-4560  
Fax – 317-549-4827  
rwallace@cityoflawrence.org

CITY OF LAWRENCE  
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2012, with Kimberly M. Diller, Controller; Hon. Dean Jessup, Mayor; Thomas C. Joyce, Redevelopment/Economic Director; and Keith Johnson, Director of Public Relations. The Official Response has been made a part of this report and may be found on pages 46 through 49.



CITY OF  
**LAWRENCE**  
INDIANA

MAYOR  
*Paul Ricketts*

**"OFFICIAL RESPONSE"**

**State Board of Accounts**

**302 West Washington Street, Room E 418**

**Indianapolis, IN 46204-2738**

Re: City of Lawrence Examination for Year 2011

The City of Lawrence wishes to file an official response to the Examination Results and Comments per Option No. 4 of the Exit Conference Officials' Response for the Examination Year 2011.

**Overdrawn Cash Balances**

The funds showing as overdrawn at the fiscal year end 2011 were the Self-Funding Insurance Fund, the Payroll Fund, and Sinking Funds for the Water & Wastewater Utilities.

The City makes monthly transfers into the Self-Funding Insurance Fund to cover health claims. The person responsible for doing those transfers did not complete the transfers monthly and there were outstanding transfers to be made in 2012. Also, because the monthly bank reconciliations were behind, the mistake was not found until after the close of the fiscal year. The person responsible for making the monthly transfers is no longer with the city. The Controller initiates the transfers and ensures it is done on a monthly basis. The bank reconciliations are also done in a timely manner so if a transfer is not done, it will be resolved immediately.

The Payroll Fund is used to record benefits, withholdings, and deductions and their corresponding payments to vendors. This fund should be at zero at the end of the fiscal year. In order to ensure that happens, a separate payable account should be set up for each type of benefit, withholding and deduction. When the current accounting software was implemented in 2010, the separate payable accounts were not established. Only one vendor payable account was set up. Due to this error, the Controller is required to reconcile the payroll fund by each benefit, withholding and deduction in order to ensure each payable is paid out at the same amount that it is received into the fund. Because the reconciliations were behind in 2011, this was not done in a timely manner and resulted in a negative fund balance in the Payroll Fund. Now the reconciliations are done in a timely manner to ensure the Payroll Fund is always zero or has a positive balance at month end.

The negative balances of \$1,000 each in the Sinking Funds of the Water and Wastewater Utility are solely related to an accounting error at the time of our conversion to the new accounting software in 2010 and have been corrected.

### **Bank Account Reconciliations**

The timeliness of bank reconciliations is very important to the Controller. Due to a very long conversion process in 2010, the bank reconciliations were put aside and were very behind. It took all of the 2011 to catch up, and at this time all bank reconciliations are done on a monthly basis and completed before the next month end. This ensures the financial reports can be presented in a timely manner.

The Controller is working with the utility to clear up all adjustments to the bank reconciliation. The amount reported in the Audit Results and Comments of \$1,004.26 is all related to adjustments made on the utilities system prior to, or immediately following the conversion to our new billing system.

### **Official Bonds**

The City was made aware in the last audit that all official bonds must be filed with the County Recorder. This task was assigned to a city employee; however the task was not completed by the time of the current audit. The task has been reassigned and all official bonds are being filed with the County Recorder.

The current utility superintendent is bonded for 2012, as required by statute.

### **Payroll Fund and Withholdings**

The Payroll Fund is used to record benefits, withholdings, and deductions and their corresponding payments to vendors. This fund should be at zero at the end of the fiscal year. In order to ensure that happens, a separate payable account should be set up for each type of benefit, withholding and deduction. When the current accounting software was implemented in 2010, the separate payable accounts were not established. Only one vendor payable account was set up. The City is upgrading the payroll and human resources portion of the accounting system and the payable accounts will be established correctly before year end.

### **Lease Payments – Posting Errors**

The City's errors in reversing the interest and principal when making debt payments has been corrected and payments are reviewed by the Controller. The City has always paid copier rentals using the debt service expense account and is learning for the first time in this audit that it is inappropriate to do so. The 2012 copier rental payments have been moved to the correct expense account and all payments from this point forward will use the correct expense account.

### **City Bad Debts and Uncollectible Accounts**

The City has obtained a draft ordinance to present to the City Council to establish a bad debt and uncollectible account write-off procedure. It is anticipated that this ordinance will be passed in 2012.

### **Receipt Issuance**

The Audit Results and Comments states that some electronic deposits were not received. These payments were found during the bank reconciliations and are being recorded as part of the clean-up process of the irreconcilable items on the bank reconciliation at year end 2011.

### **Utility Receipts Tax**

Since learning that the Utility should be paying a Utility Receipts Tax each year, the Utility contracted with Crowe Horwath to assist with the payment. Crowe Horwath contacted the State of Indiana to inform them of this error. The State agreed to waive all late fees and interest costs if the City files all outstanding returns and pays the amount owed for each year. The City did this in 2012 and will now pay this tax annually.

### **Utility Operating Funds Transferred to City**

Currently, the City receives transfers from the utility based on an amount voted on by the Common Council years ago when the utility management was transferred to an outside entity. When the City regained management over the utility in late 2007, the Utility Service Board voted to retain the same transfer amount. The City is working with Crowe Horwath to establish a PILOT payment from the Utility that will be allowed by State law.

### **Utility Bad Debts and Uncollectible Accounts – Policy and Practice**

The utility does have a written procedure for writing off bad debts, uncollectible accounts receivable, or any adjustments to record balances. The current policy is attached to this response.

### **Delinquent Wastewater Accounts**

The Utility staff had two major operational events occur in 2011 that adversely impacted our ability to function at 100%. Namely, the need to relocate the billing office temporarily into a former conference room in the Operations Center, and the launching of a new billing/financial software system. The limited space to house the 5 office staff and all their computer equipment, files and other office material and supplies meant that efficiency was considerably less than desirable. Coupled with the launch of a new billing system that was plagued with problems from the start, inadequate training on the new system and data conversion issues that often hindered our ability to even get a billing out correctly, the situation soon became one of simply getting a customer billed regularly and correctly was our main area of focus. The trying circumstances along with the loss of 2, experienced personnel in the billing office immediately prior to the launch of the new software combined to make a situation where collections efforts were

relegated to a lesser importance in the overall operational picture. While some efforts were made to process delinquent accounts and get them to collections, it was simply not possible to run this aspect of our operation at 100%. The billing office staff now have a new office space and most of the problems associated with the new software have been resolved. It is our goal to begin to address the backlog of collections issues that piled up and to get the collections part of our operation back on a normal footing in 2012.

**Internal Controls Over Fuel Cards**

The staff responsible for the management of fuel cards has established a plan to clean up the current list of active cards. The first step is to contact each department head and request a list of every employee who should have a fuel card and key. Then the street department staff person will go through the current list and deactivate anyone not on the department list. The staff person will also be notified by the Controller's office when an employee leaves employment with the city so, if needed, the fuel card and key can be deactivated immediately.

The five active cards issued in the name of vehicles or equipment are issued in that manner because the key and card stay with the vehicle. This is equipment is shared among departments in the city.

**Abandoned Vehicles Ordinance**

Until 2012 the City had no reasonable way to enforce the ordinance related to the requirement of towing companies to submit copies of invoices or receipts for vehicles towed. In 2012 the City entered into contracts with the two Lawrence towing companies and the contracts require the submission of copies of invoices to the Controller's office. Those submissions are now taking place.

Sincerely,

Kimberly M. Diller  
Controller  
City of Lawrence