

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF NEW PALESTINE

HANCOCK COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
10/11/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rebecca J. Hilligoss	01-01-07 to 12-31-14
President of the Town Council	Larry W. Jonas Clint Bledsoe	01-01-10 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF NEW PALESTINE, HANCOCK COUNTY, INDIANA

We have examined the financial statements of the Town of New Palestine (Town), for the period of January 1, 2010 to December 31, 2011. 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, 2010 and 2011, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 others within the entity 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

August 1, 2012

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 195,673	\$ 558,137	\$ 458,694	\$ 295,116
Motor Vehicle Highway	162,617	175,446	175,401	162,662
Local Roads & Streets	62,582	15,310	14,000	63,892
Law Enforcement Continuing Education	3,831	2,787	1,439	5,179
Rainy Day	201,345	36,865	40,482	197,728
Economic Development Income Tax	-	20,096	-	20,096
Excess Levy	-	1,268	-	1,268
Town Hall Bond Debt	31,868	63,004	66,750	28,122
Cumulative Capital Development	109,340	7,729	15,458	101,611
Cumulative Capital Improvement	23,704	3,701	-	27,405
Payroll	-	466,430	466,430	-
Wastewater Operating	54,252	589,766	585,869	58,149
Wastewater Debt Reserve	139,869	2,256	-	142,125
Wastewater Improvement	235,219	109,888	52,337	292,770
Wastewater Bond & Interest	5,838	82,290	88,060	68
Totals	<u>\$ 1,226,138</u>	<u>\$ 2,134,973</u>	<u>\$ 1,964,920</u>	<u>\$ 1,396,191</u>

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

TOWN OF NEW PALESTINE
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	\$ 295,116	\$ 510,928	\$ 444,808	\$ 361,236
Motor Vehicle Highway	162,662	172,256	164,546	170,372
Local Roads & Streets	63,892	22,967	21,498	65,361
Law Enforcement Continuing Education	5,179	1,497	1,677	4,999
Rainy Day	197,728	-	-	197,728
Economic Development Income Tax	20,096	14,354	7,132	27,318
Excess Levy	1,268	-	1,268	-
Police - Contributions	-	500	-	500
Town Hall Bond Debt	28,122	32,612	60,734	-
Cumulative Capital Development	101,611	44,621	15,458	130,774
Cumulative Capital Improvement	27,405	3,630	-	31,035
Local Option Income Tax	-	40,598	32,825	7,773
Payroll	-	468,078	468,078	-
Wastewater Operating	58,149	634,563	626,755	65,957
Wastewater Debt Reserve	142,125	1,398	-	143,523
Wastewater Improvement	292,770	144,563	437,333	-
Wastewater Bond & Interest	68	75,155	70,800	4,423
Totals	<u>\$ 1,396,191</u>	<u>\$ 2,167,720</u>	<u>\$ 2,352,912</u>	<u>\$ 1,210,999</u>

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

TOWN OF NEW PALESTINE
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.

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 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 Town.

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

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the

TOWN OF NEW PALESTINE
NOTES TO FINANCIAL STATEMENTS
(Continued)

state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services and penalties for late payments.

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 statements. 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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

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

TOWN OF NEW PALESTINE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

TOWN OF NEW PALESTINE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plan

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 Town 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:

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

TOWN OF NEW PALESTINE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town'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 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 approved by management of the Town. It is presented as intended by the Town.

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

	General	Motor Vehicle Highway	Local Roads & Streets	Law Enforcement Continuing Education	Rainy Day	Economic Development Income Tax
Cash and investments - beginning	\$ 195,673	\$ 162,617	\$ 62,582	\$ 3,831	\$ 201,345	\$ -
Receipts:						
Taxes	218,435	94,750	-	-	-	-
Licenses and permits	1,640	-	-	1,420	-	-
Intergovernmental	271,269	78,134	15,310	-	36,865	8,613
Charges for services	81	-	-	180	-	-
Fines and forfeits	23,891	-	-	1,187	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	42,821	2,562	-	-	-	11,483
Total receipts	558,137	175,446	15,310	2,787	36,865	20,096
Disbursements:						
Personal services	319,660	59,243	-	-	8,375	-
Supplies	5,791	21,454	-	-	-	-
Other services and charges	125,879	33,198	14,000	1,439	20,624	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	4,510	56,785	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,854	4,721	-	-	11,483	-
Total disbursements	458,694	175,401	14,000	1,439	40,482	-
Excess (deficiency) of receipts over disbursements	99,443	45	1,310	1,348	(3,617)	20,096
Cash and investments - ending	\$ 295,116	\$ 162,662	\$ 63,892	\$ 5,179	\$ 197,728	\$ 20,096

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

	<u>Excess Levy</u>	<u>Town Hall Bond Debt</u>	<u>Cumulative Capital Development</u>	<u>Cumulative Capital Improvement</u>	<u>Payroll</u>
Cash and investments - beginning	\$ -	\$ 31,868	\$ 109,340	\$ 23,704	\$ -
Receipts:					
Taxes	-	54,560	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	6,509	-	3,701	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	1,268	1,935	7,729	-	466,430
Total receipts	<u>1,268</u>	<u>63,004</u>	<u>7,729</u>	<u>3,701</u>	<u>466,430</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	66,750	15,458	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	466,430
Total disbursements	<u>-</u>	<u>66,750</u>	<u>15,458</u>	<u>-</u>	<u>466,430</u>
Excess (deficiency) of receipts over disbursements	<u>1,268</u>	<u>(3,746)</u>	<u>(7,729)</u>	<u>3,701</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,268</u>	<u>\$ 28,122</u>	<u>\$ 101,611</u>	<u>\$ 27,405</u>	<u>\$ -</u>

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

	Wastewater Operating	Wastewater Debt Reserve	Wastewater Improvement	Wastewater Bond & Interest	Totals
Cash and investments - beginning	\$ 54,252	\$ 139,869	\$ 235,219	\$ 5,838	\$ 1,226,138
Receipts:					
Taxes	-	-	-	-	367,745
Licenses and permits	-	-	-	-	3,060
Intergovernmental	-	-	-	-	420,401
Charges for services	-	-	-	-	261
Fines and forfeits	-	-	-	-	25,078
Utility fees	574,657	-	-	-	574,657
Penalties	11,998	-	-	-	11,998
Other receipts	3,111	2,256	109,888	82,290	731,773
Total receipts	<u>589,766</u>	<u>2,256</u>	<u>109,888</u>	<u>82,290</u>	<u>2,134,973</u>
Disbursements:					
Personal services	-	-	-	-	387,278
Supplies	-	-	-	-	27,245
Other services and charges	-	-	-	-	195,140
Debt service - principal and interest	-	-	-	70,060	70,060
Capital outlay	19,354	-	-	-	162,857
Utility operating expenses	355,619	-	-	-	355,619
Other disbursements	210,896	-	52,337	18,000	766,721
Total disbursements	<u>585,869</u>	<u>-</u>	<u>52,337</u>	<u>88,060</u>	<u>1,964,920</u>
Excess (deficiency) of receipts over disbursements	<u>3,897</u>	<u>2,256</u>	<u>57,551</u>	<u>(5,770)</u>	<u>170,053</u>
Cash and investments - ending	<u>\$ 58,149</u>	<u>\$ 142,125</u>	<u>\$ 292,770</u>	<u>\$ 68</u>	<u>\$ 1,396,191</u>

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

	General	Motor Vehicle Highway	Local Roads & Streets	Law Enforcement Continuing Education	Rainy Day	Economic Development Income Tax
Cash and investments - beginning	\$ 295,116	\$ 162,662	\$ 63,892	\$ 5,179	\$ 197,728	\$ 20,096
Receipts:						
Taxes	243,141	93,409	-	-	-	-
Licenses and permits	1,500	-	-	1,150	-	-
Intergovernmental	192,775	77,900	14,967	-	-	14,354
Charges for services	12,009	-	-	-	-	-
Fines and forfeits	37,352	-	-	347	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	24,151	947	8,000	-	-	-
Total receipts	510,928	172,256	22,967	1,497	-	14,354
Disbursements:						
Personal services	324,105	58,536	-	-	-	-
Supplies	18,548	29,655	-	677	-	-
Other services and charges	59,630	71,084	21,000	1,000	-	-
Debt service - principal and interest	-	-	-	-	-	7,132
Capital outlay	37,359	4,684	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	5,166	587	498	-	-	-
Total disbursements	444,808	164,546	21,498	1,677	-	7,132
Excess (deficiency) of receipts over disbursements	66,120	7,710	1,469	(180)	-	7,222
Cash and investments - ending	<u>\$ 361,236</u>	<u>\$ 170,372</u>	<u>\$ 65,361</u>	<u>\$ 4,999</u>	<u>\$ 197,728</u>	<u>\$ 27,318</u>

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

	<u>Excess Levy</u>	<u>Police - Contributions</u>	<u>Town Hall Bond Debt</u>	<u>Cumulative Capital Development</u>	<u>Cumulative Capital Improvement</u>	<u>Local Option Income Tax</u>
Cash and investments - beginning	\$ 1,268	\$ -	\$ 28,122	\$ 101,611	\$ 27,405	\$ -
Receipts:						
Taxes	-	-	29,448	33,313	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	3,164	3,579	3,630	40,598
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	500	-	7,729	-	-
Total receipts	<u>-</u>	<u>500</u>	<u>32,612</u>	<u>44,621</u>	<u>3,630</u>	<u>40,598</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	60,734	-	-	-
Capital outlay	-	-	-	15,458	-	32,825
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,268	-	-	-	-	-
Total disbursements	<u>1,268</u>	<u>-</u>	<u>60,734</u>	<u>15,458</u>	<u>-</u>	<u>32,825</u>
Excess (deficiency) of receipts over disbursements	<u>(1,268)</u>	<u>500</u>	<u>(28,122)</u>	<u>29,163</u>	<u>3,630</u>	<u>7,773</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 130,774</u>	<u>\$ 31,035</u>	<u>\$ 7,773</u>

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

	Payroll	Wastewater Operating	Wastewater Debt Reserve	Wastewater Improvement	Wastewater Bond & Interest	Totals
Cash and investments - beginning	\$ -	\$ 58,149	\$ 142,125	\$ 292,770	\$ 68	\$ 1,396,191
Receipts:						
Taxes	-	-	-	-	-	399,311
Licenses and permits	-	-	-	-	-	2,650
Intergovernmental	-	-	-	-	-	350,967
Charges for services	-	-	-	-	-	12,009
Fines and forfeits	-	-	-	-	-	37,699
Utility fees	-	618,645	-	-	-	618,645
Penalties	-	10,387	-	-	-	10,387
Other receipts	468,078	5,531	1,398	144,563	75,155	736,052
Total receipts	<u>468,078</u>	<u>634,563</u>	<u>1,398</u>	<u>144,563</u>	<u>75,155</u>	<u>2,167,720</u>
Disbursements:						
Personal services	-	-	-	-	-	382,641
Supplies	-	-	-	-	-	48,880
Other services and charges	-	-	-	-	-	152,714
Debt service - principal and interest	-	-	-	400,000	70,800	538,666
Capital outlay	-	-	-	37,333	-	127,659
Utility operating expenses	-	380,940	-	-	-	380,940
Other disbursements	468,078	245,815	-	-	-	721,412
Total disbursements	<u>468,078</u>	<u>626,755</u>	<u>-</u>	<u>437,333</u>	<u>70,800</u>	<u>2,352,912</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>7,808</u>	<u>1,398</u>	<u>(292,770)</u>	<u>4,355</u>	<u>(185,192)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 65,957</u>	<u>\$ 143,523</u>	<u>\$ -</u>	<u>\$ 4,423</u>	<u>\$ 1,210,999</u>

TOWN OF NEW PALESTINE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 439	\$ -
Wastewater Utility	2,147	16,930
Totals	\$ 2,586	\$ 16,930

TOWN OF NEW PALESTINE
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Purchase Town Hall Building	\$ 197,000	\$ 67,890
Wastewater Utility:			
Revenue bonds	Upgrade Wastewater Plant & refund prior bond	402,000	53,070
Totals		<u>\$ 599,000</u>	<u>\$ 120,960</u>

TOWN OF NEW PALESTINE
 SCHEDULE OF CAPITAL ASSETS
 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:	
Infrastructure	\$ 4,466,262
Buildings	889,572
Improvements other than buildings	38,429
Machinery, equipment and vehicles	231,459
Total governmental activities	5,625,722
Wastewater Utility:	
Land	72,927
Infrastructure	3,941,887
Buildings	381,637
Improvements other than buildings	14,848
Machinery, equipment and vehicles	1,632,891
Total Wastewater Utility	6,044,190
Total capital assets	\$ 11,669,912

TOWN OF NEW PALESTINE
EXAMINATION RESULTS AND COMMENTS

LAW ENFORCEMENT DISBURSEMENTS FROM MOTOR VEHICLE HIGHWAY FUNDS

The Motor Vehicle Highway fund had disbursements for law enforcement costs, including police department office supplies, uniforms, car repairs, and gasoline, which exceeded 15 percent of the motor vehicle highway distributions by \$17,978 and \$12,115 in 2010 and 2011, respectively. A similar comment appeared in prior Report B37179.

Indiana Code 8-14-1-5 states in part:

"(a) All funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices; and the painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law. (b) In addition to purposes for which funds may be expended under subsections (a) and (c) of this section, monies allocated to cities and towns under this chapter may be expended for law enforcement purposes, subject to the following limitations: (1) For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes. . . ."

MOVING VEHICLE TRAFFIC VIOLATION FINES COLLECTED BY THE TOWN

The Town established an Ordinance Violations Bureau in accordance with IC 33-36-2 and used this as the basis for collecting fines related to moving vehicle traffic violations during the examination period.

Indiana Code 36-1-6-3(c) states: "An ordinance defining a moving traffic violation may not be enforced under IC 33-36 and must be enforced in accordance with IC 34-28-5."

ERRORS ON CLAIMS

Claims or invoices were observed that did not have evidence to support receipt of goods or services. Credit card purchases totaling \$404 were paid without fully itemized documentation.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services; . . ."

TOWN OF NEW PALESTINE
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2012, with Rebecca J. Hilligoss, Clerk-Treasurer, and Larry W. Jonas, Town Council member. The officials concurred with our findings.