

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF LINTON

GREENE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
10/15/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6
Notes to Financial Statement.....	7-12
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-21
Schedule of Leases and Debt .....	22
Schedule of Capital Assets.....	23
Examination Results and Comments:	
Overdrawn Cash Balances.....	24
Interest on Investments .....	24
Appropriations.....	24
Errors on Claims .....	24-25
Mileage Reimbursement.....	25
Credit Cards.....	25-26
Contracts .....	26
Compensation and Benefits .....	26-27
Ordinances and Resolutions .....	27
Delinquent Wastewater Accounts.....	27-28
Cash Long and Short (Applies to Utilities).....	28
Capital Asset Records .....	28
Receipt Issuance .....	28
Cash Long and Short (Applies to Swimming Pool) .....	29
Worthless Property .....	29
Exit Conference.....	30

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	B. Jack Shelton	01-01-08 to 12-31-15
Mayor	Tom Jones (Deceased) Linda D. Bedwell (Interim) Patti Jones Jon A. Wilkes	01-01-08 to 03-03-11 03-04-11 to 03-21-11 03-22-11 to 12-31-11 01-01-12 to 12-31-15
President of the Board of Public Works	Tom Jones Linda D. Bedwell (Interim) Patti Jones Jon A. Wilkes	01-01-08 to 03-03-11 03-04-11 to 03-21-11 03-22-11 to 12-31-11 01-01-12 to 12-31-15
President of the Common Council	Linda D. Bedwell Tony Richards	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Utilities	Shawn Clifford (Vacant) Brent Slover	01-01-11 to 06-11-12 06-12-12 to 07-15-12 07-16-12 to 12-31-12
Superintendent of Water Utility	Jeff Lehman	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Timothy Turpin	01-01-11 to 12-31-12
Superintendent of Electric Utility	Nicholas House	01-01-11 to 12-31-12
Superintendent of Gas Utility	Jeff Lehman	01-01-11 to 12-31-12
Superintendent of Sanitation Utility	Timothy Turpin	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF LINTON, GREENE COUNTY, INDIANA

We have examined the accompanying financial statement of the City of Linton (City), for the year ended December 31, 2011. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement 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 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.

Our examination 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, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, Common 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 23, 2012

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## 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 LINTON  
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	\$ 675,320	\$ 1,841,728	\$ 1,880,705	\$ 636,343
MOTOR VEHICLE HIGHWAY	251,462	333,910	329,651	255,721
LOCAL ROAD & STREET FUND	66,395	22,301	-	88,696
HOME REHABILITATION GRANT	296	116,368	116,664	-
LAW ENFORCEMENT CONTINUING EDUCATION	6,842	13,663	16,236	4,269
GOLF COURSE	(54,466)	406,314	407,027	(55,179)
RAINY DAY FUND	172,619	-	-	172,619
CUMULATIVE CAPITAL IMPROVEMENT	64,226	16,581	-	80,807
CUMULATIVE CAPITAL DEVELOPMENT	94,602	13,149	30,440	77,311
POLICE DEPARTMENT- NEW EQUIPMENT	3,476	15,930	12,271	7,135
FIRE EQUIPMENT FUND	8,343	103,901	110,853	1,391
POLICE PENSION FUND	73,733	109,988	110,500	73,221
FIRE PENSION FUND	62,589	47,434	56,317	53,706
CEMETERY FUND	(54,969)	152,404	77,529	19,906
NEW FIRE STATION FUND	37,279	110,865	204,075	(55,931)
SWIMMING POOL	1,327	55,314	49,118	7,523
HUMPHREY'S PARK	79,854	78,334	116,315	41,873
5TH STREET PROJECT	16,809	8,243	8,243	16,809
POLICE RESERVES FUND	432	2,295	710	2,017
POLICE DARE PROGRAM	-	5,041	2,601	2,440
TRAILER PERMIT/ INSPECTION FUND	1,231	212	225	1,218
PAYROLL FUND	101,780	4,291,265	4,366,665	26,380
ELECTRIC OPERATING FUND	510,098	7,277,881	7,116,884	671,095
ELECTRIC METER DEPOSIT	218,863	56,375	41,965	233,273
ELECTRIC DEPRECIATION	1,041,358	6,380	76,869	970,869
ELECTRIC CASH RESERVE	242,895	-	-	242,895
ELECTRIC IMPREST FUND	2,200	-	-	2,200
IMPA GRANT	14,866	12,990	-	27,856
MINER BROADBAND FUND	116	-	-	116
SANITATION OPERATING	171,374	599,425	660,963	109,836
SANITATION DEPRECIATION	99,824	80,000	-	179,824
SEWAGE OPERATING FUND	118,665	943,226	919,255	142,636
SEWAGE METER DEPOSITS	12,650	6,215	4,490	14,375
SEWAGE DEPRECIATION FUND	134,201	949	150,908	(15,758)
SEWAGE CONSTRUCTION FUND	-	409,127	182,965	226,162
SEWAGE BOND& INTEREST	248,009	281,940	265,350	264,599
SEWAGE DEBT RESERVE	407,399	5,112	-	412,511
SEWAGE IMPREST FUND	600	-	-	600
WATER OPERATING	511,343	1,078,813	1,114,334	475,822
WATER METER DEPOSIT	29,908	5,115	4,120	30,903
WATER DEPRECIATION FUND	78,751	42,000	226,946	(106,195)
WATER CONSTRUCTION FUND	-	326,905	125,890	201,015
WATER BOND& INTEREST	213,465	222,000	206,685	228,780
WATER DEBT RESERVE	170,478	-	-	170,478
WATER IMPREST FUND	1,000	-	-	1,000
WATER EXPANSION FUND	926	-	-	926
GAS OPERATING FUND	630,737	2,656,854	2,397,118	890,473
GAS METER DEPOSIT FUND	125,376	22,050	19,550	127,876
GAS DEPRECIATION FUND	348,404	15	125,674	222,745
GAS BOND& INTEREST	46,519	-	-	46,519
GAS DEBT RESERVE FUND	90,891	-	-	90,891
GAS IMPREST FUND	2,200	-	-	2,200
Totals	<u>\$ 7,082,296</u>	<u>\$ 21,778,612</u>	<u>\$ 21,536,111</u>	<u>\$ 7,324,797</u>

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

CITY OF LINTON  
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, electric, gas, 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 LINTON  
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.

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.

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

CITY OF LINTON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 LINTON  
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 statement. 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:

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

CITY OF LINTON  
NOTES TO FINANCIAL STATEMENT  
(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.

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF LINTON  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*D. 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.

## 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 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 City. It is presented as intended by the City.

CITY OF LINTON  
 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 & STREET FUND	HOME REHABILITATION GRANT	LAW ENFORCEMENT CONTINUING EDUCATION	GOLF COURSE	RAINY DAY FUND
Cash and investments - beginning	\$ 675,320	\$ 251,462	\$ 66,395	\$ 296	\$ 6,842	\$ (54,466)	\$ 172,619
Receipts:							
Taxes	552,741	165,593	-	-	-	13,473	-
Licenses and permits	-	-	-	-	2,279	-	-
Intergovernmental	843,692	165,672	22,301	116,368	-	-	-
Charges for services	176,543	1,680	-	-	639	389,710	-
Fines and forfeits	57,017	-	-	-	10,245	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	211,735	965	-	-	500	3,131	-
Total receipts	<u>1,841,728</u>	<u>333,910</u>	<u>22,301</u>	<u>116,368</u>	<u>13,663</u>	<u>406,314</u>	<u>-</u>
Disbursements:							
Personal services	1,363,340	230,007	-	-	-	152,204	-
Supplies	158,115	64,517	-	-	16,236	179,079	-
Other services and charges	357,732	32,990	-	-	-	69,629	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,518	2,137	-	-	-	6,115	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	116,664	-	-	-
Total disbursements	<u>1,880,705</u>	<u>329,651</u>	<u>-</u>	<u>116,664</u>	<u>16,236</u>	<u>407,027</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(38,977)</u>	<u>4,259</u>	<u>22,301</u>	<u>(296)</u>	<u>(2,573)</u>	<u>(713)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 636,343</u>	<u>\$ 255,721</u>	<u>\$ 88,696</u>	<u>\$ -</u>	<u>\$ 4,269</u>	<u>\$ (55,179)</u>	<u>\$ 172,619</u>

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

	CUMULATIVE CAPITAL IMPROVEMENT	CUMULATIVE CAPITAL DEVELOPMENT	POLICE DEPARTMENT- NEW EQUIPMENT	FIRE EQUIPMENT FUND	POLICE PENSION FUND	FIRE PENSION FUND	CEMETERY FUND
Cash and investments - beginning	\$ 64,226	\$ 94,602	\$ 3,476	\$ 8,343	\$ 73,733	\$ 62,589	\$ (54,969)
Receipts:							
Taxes	-	11,576	-	-	-	-	19,460
Licenses and permits	-	-	4,650	-	-	-	-
Intergovernmental	16,581	1,573	-	99,396	-	-	41,494
Charges for services	-	-	-	-	109,988	47,434	91,350
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	11,280	4,505	-	-	100
Total receipts	16,581	13,149	15,930	103,901	109,988	47,434	152,404
Disbursements:							
Personal services	-	-	-	-	110,500	56,317	33,733
Supplies	-	1,380	-	-	-	-	37,071
Other services and charges	-	-	-	-	-	-	6,725
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	29,060	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	12,271	110,853	-	-	-
Total disbursements	-	30,440	12,271	110,853	110,500	56,317	77,529
Excess (deficiency) of receipts over disbursements	16,581	(17,291)	3,659	(6,952)	(512)	(8,883)	74,875
Cash and investments - ending	\$ 80,807	\$ 77,311	\$ 7,135	\$ 1,391	\$ 73,221	\$ 53,706	\$ 19,906

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

	NEW FIRE STATION FUND	SWIMMING POOL	HUMPHREY'S PARK	5TH STREET PROJECT	POLICE RESERVES FUND	POLICE DARE PROGRAM	TRAILER PERMIT/ INSPECTION FUND
Cash and investments - beginning	\$ 37,279	\$ 1,327	\$ 79,854	\$ 16,809	\$ 432	\$ -	\$ 1,231
Receipts:							
Taxes	106,665	-	-	-	-	-	-
Licenses and permits	-	-	300	-	-	-	212
Intergovernmental	4,200	-	30,000	8,243	-	-	-
Charges for services	-	48,786	46,189	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	6,528	1,845	-	2,295	5,041	-
Total receipts	<u>110,865</u>	<u>55,314</u>	<u>78,334</u>	<u>8,243</u>	<u>2,295</u>	<u>5,041</u>	<u>212</u>
Disbursements:							
Personal services	-	30,914	9,449	-	-	-	-
Supplies	-	14,367	20,237	-	-	-	-
Other services and charges	-	3,837	48,737	-	-	-	-
Debt service - principal and interest	204,075	-	-	-	-	-	-
Capital outlay	-	-	37,892	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	8,243	710	2,601	225
Total disbursements	<u>204,075</u>	<u>49,118</u>	<u>116,315</u>	<u>8,243</u>	<u>710</u>	<u>2,601</u>	<u>225</u>
Excess (deficiency) of receipts over disbursements	<u>(93,210)</u>	<u>6,196</u>	<u>(37,981)</u>	<u>-</u>	<u>1,585</u>	<u>2,440</u>	<u>(13)</u>
Cash and investments - ending	<u>\$ (55,931)</u>	<u>\$ 7,523</u>	<u>\$ 41,873</u>	<u>\$ 16,809</u>	<u>\$ 2,017</u>	<u>\$ 2,440</u>	<u>\$ 1,218</u>

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

	PAYROLL FUND	ELECTRIC OPERATING FUND	ELECTRIC METER DEPOSIT	ELECTRIC DEPRECIATION	ELECTRIC CASH RESERVE	ELECTRIC IMPREST FUND	IMPA GRANT
Cash and investments - beginning	\$ 101,780	\$ 510,098	\$ 218,863	\$ 1,041,358	\$ 242,895	\$ 2,200	\$ 14,866
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	7,121,282	-	-	-	-	-
Other receipts	4,291,265	156,599	56,375	6,380	-	-	12,990
Total receipts	4,291,265	7,277,881	56,375	6,380	-	-	12,990
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	7,116,884	41,965	76,869	-	-	-
Other disbursements	4,366,665	-	-	-	-	-	-
Total disbursements	4,366,665	7,116,884	41,965	76,869	-	-	-
Excess (deficiency) of receipts over disbursements	(75,400)	160,997	14,410	(70,489)	-	-	12,990
Cash and investments - ending	\$ 26,380	\$ 671,095	\$ 233,273	\$ 970,869	\$ 242,895	\$ 2,200	\$ 27,856

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

	MINER BROADBAND FUND	SANITATION OPERATING	SANITATION DEPRECIATION	SEWAGE OPERATING FUND	SEWAGE METER DEPOSITS	SEWAGE DEPRECIATION FUND	SEWAGE CONSTRUCTION FUND
Cash and investments - beginning	\$ 116	\$ 171,374	\$ 99,824	\$ 118,665	\$ 12,650	\$ 134,201	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	940,737	-	-	-
Other receipts	-	599,425	80,000	2,489	6,215	949	409,127
Total receipts	-	599,425	80,000	943,226	6,215	949	409,127
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	919,255	4,490	150,908	182,965
Other disbursements	-	660,963	-	-	-	-	-
Total disbursements	-	660,963	-	919,255	4,490	150,908	182,965
Excess (deficiency) of receipts over disbursements	-	(61,538)	80,000	23,971	1,725	(149,959)	226,162
Cash and investments - ending	<u>\$ 116</u>	<u>\$ 109,836</u>	<u>\$ 179,824</u>	<u>\$ 142,636</u>	<u>\$ 14,375</u>	<u>\$ (15,758)</u>	<u>\$ 226,162</u>

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

	SEWAGE BOND& INTEREST	SEWAGE DEBT RESERVE	SEWAGE IMPRES FUND	WATER OPERATING	WATER METER DEPOSIT	WATER DEPRECIATION FUND
Cash and investments - beginning	\$ 248,009	\$ 407,399	\$ 600	\$ 511,343	\$ 29,908	\$ 78,751
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	1,055,708	-	-
Other receipts	281,940	5,112	-	23,105	5,115	42,000
Total receipts	281,940	5,112	-	1,078,813	5,115	42,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	265,350	-	-	1,114,334	4,120	226,946
Other disbursements	-	-	-	-	-	-
Total disbursements	265,350	-	-	1,114,334	4,120	226,946
Excess (deficiency) of receipts over disbursements	16,590	5,112	-	(35,521)	995	(184,946)
Cash and investments - ending	\$ 264,599	\$ 412,511	\$ 600	\$ 475,822	\$ 30,903	\$ (106,195)

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

	WATER CONSTRUCTION FUND	WATER BOND & INTEREST	WATER DEBT RESERVE	WATER IMPREST FUND	WATER EXPANSION FUND	GAS OPERATING FUND
Cash and investments - beginning	\$ -	\$ 213,465	\$ 170,478	\$ 1,000	\$ 926	\$ 630,737
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,603,970
Other receipts	326,905	222,000	-	-	-	52,884
Total receipts	<u>326,905</u>	<u>222,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,656,854</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	125,890	206,685	-	-	-	2,397,118
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>125,890</u>	<u>206,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,397,118</u>
Excess (deficiency) of receipts over disbursements	<u>201,015</u>	<u>15,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,736</u>
Cash and investments - ending	<u>\$ 201,015</u>	<u>\$ 228,780</u>	<u>\$ 170,478</u>	<u>\$ 1,000</u>	<u>\$ 926</u>	<u>\$ 890,473</u>

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

	GAS METER DEPOSIT FUND	GAS DEPRECIATION FUND	GAS BOND & INTEREST	GAS DEBT RESERVE FUND	GAS IMPREST FUND	Totals
Cash and investments - beginning	\$ 125,376	\$ 348,404	\$ 46,519	\$ 90,891	\$ 2,200	\$ 7,082,296
Receipts:						
Taxes	-	-	-	-	-	869,508
Licenses and permits	-	-	-	-	-	7,441
Intergovernmental	-	-	-	-	-	1,349,520
Charges for services	-	-	-	-	-	912,319
Fines and forfeits	-	-	-	-	-	67,262
Utility fees	-	-	-	-	-	11,721,697
Other receipts	22,050	15	-	-	-	6,850,865
Total receipts	<u>22,050</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,778,612</u>
Disbursements:						
Personal services	-	-	-	-	-	1,986,464
Supplies	-	-	-	-	-	491,002
Other services and charges	-	-	-	-	-	519,650
Debt service - principal and interest	-	-	-	-	-	204,075
Capital outlay	-	-	-	-	-	76,722
Utility operating expenses	19,550	125,674	-	-	-	12,979,003
Other disbursements	-	-	-	-	-	5,279,195
Total disbursements	<u>19,550</u>	<u>125,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,536,111</u>
Excess (deficiency) of receipts over disbursements	<u>2,500</u>	<u>(125,659)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,501</u>
Cash and investments - ending	<u>\$ 127,876</u>	<u>\$ 222,745</u>	<u>\$ 46,519</u>	<u>\$ 90,891</u>	<u>\$ 2,200</u>	<u>\$ 7,324,797</u>

CITY OF LINTON  
 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	NEW FIRE STATION	\$ 1,747,000	\$ 68,000
Wastewater:			
Revenue bonds	WASTEWATER UTILITY	735,000	19,478
Water:			
Revenue bonds	WATER UTILITY	1,785,000	201,648
Totals		<u>\$ 4,267,000</u>	<u>\$ 289,126</u>

CITY OF LINTON  
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:	
Land	\$ 616,645
Buildings	719,297
Improvements other than buildings	327,463
Machinery and equipment	2,857,376
Total governmental activities	4,520,781
Electric:	
Land	6,875
Improvements other than buildings	49,898
Machinery and equipment	6,049,907
Transportation equipment	892,336
Total electric utility assets	6,999,016
Sanitation:	
Machinery and equipment	120,798
Transportation equipment	906,340
Total sanitation utility assets	1,027,138
Wastewater:	
Land	12,500
Buildings	438,335
Improvements other than buildings	1,251,854
Machinery and equipment	5,396,364
Transportation equipment	179,144
Total wastewater utility assets	7,278,197
Water:	
Land	15,780
Improvements other than buildings	5,075,912
Machinery and equipment	2,283,518
Total water utility assets	7,375,210
Gas:	
Buildings	903,159
Improvements other than buildings	190,045
Machinery and equipment	2,813,891
Transportation equipment	450,071
Total gas utility assets	4,357,166
Total capital assets	\$ 31,557,508

CITY OF LINTON  
EXAMINATION RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The cash balance of the Golf Course Fund, New Fire Station Fund, Sewage Depreciation Fund, and Water Depreciation Fund were overdrawn in 2011.

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)

A similar comment appeared in prior reports.

**INTEREST ON INVESTMENTS**

Interest earned on some investments was automatically added to the principal and not recorded in the records in some instances.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

**APPROPRIATIONS**

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
New Fire Station Fund	2011	\$ 73,212
Cemetery Fund	2011	59,936
Cumulative Capital Development Fund	2011	11,257

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**ERRORS ON CLAIMS**

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

1. Some claims did not document a breakdown of expenditures between funds.
2. Claims were not adequately itemized or did not note the purpose of expenditure.
3. Claims supporting documentation did not agree with payment amount.

CITY OF LINTON  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

4. Some claims were paid from a billing statement without supporting documentation.
5. Claims or invoices did not have evidence to support receipt of goods or services.

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

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

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

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

A similar comment appeared in prior reports.

### ***MILEAGE REIMBURSEMENT***

Some employees were reimbursed for mileage without filing Mileage Claim, General Form 101.

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)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

### ***CREDIT CARDS***

The City and Utility employees and officials are using credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

CITY OF LINTON  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

***CONTRACTS (Applies to Sunset Park)***

The City has not entered into a contract with the custodian of Sunset Park.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

***COMPENSATION AND BENEFITS***

Compensation and benefits paid from the Utilities for the internet employees were not included on the payroll system or on the salary ordinance or resolution.

CITY OF LINTON  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

***ORDINANCES AND RESOLUTIONS (Applies to Utilities)***

The City has an ordinance (ordinance 2010-04) concerning electric utility rates. As of July 6, 2011, the rates for security lighting were updated in the billing software system to reflect the current rates. However, the updated rates still did not coincide with the rates approved in ordinance 2010-04 and various consumers were not properly charged for security lights on their properties.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in the prior report.

***DELINQUENT WASTEWATER ACCOUNTS (Applies to Utilities)***

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

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

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

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

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

CITY OF LINTON  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

A similar comment appeared in prior reports.

***CASH LONG AND SHORT (Applies to Utilities)***

A comparison of utility deposits to daily cash collection reports documented numerous cash shorts and longs during the examination period. The net cash long at December 31, 2011, was \$360.27. Utility officials should always ensure that daily collections equal deposits made and differences should be investigated and corrected timely.

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)

***CAPITAL ASSET RECORDS (Applies to Utilities)***

The Utilities' detailed capital asset records did not agree with the balances in various Utility ledgers. The Utilities' record capital asset additions, but do not record disposals. When a Utility disposes of a capital asset, the cost of the asset and the related accumulated depreciation should also be recorded to the records as deletions.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

***RECEIPT ISSUANCE (Applies to Sunset Park)***

Receipts for camping fees at Sunset Park were not written when monies were received by the custodian of the park.

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)

CITY OF LINTON  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***CASH LONG AND SHORT (Applies to Swimming Pool)***

A comparison of pool daily cash collection reports and deposits with detailed cash register tapes documented numerous cash shorts and longs during the examination period. Pool managers should always ensure that daily collection reports and deposits made equal detailed cash register tapes. Differences should be investigated and corrected timely.

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)

***WORTHLESS PROPERTY (Applies to Miner Broadband)***

The City of Linton provided internet service through a utility called Miner Broadband. On June 20, 2011, the Common Council gave authority to the Mayor to negotiate a contract for internet services with a provider. On August 22, 2011, the City entered into an agreement for the provision of internet service effectively ending Miner Broadband utility. The agreement states that internet equipment used by the City was worthless and the provider disposed of it. The City will receive fees from the provider based on gross revenues.

However, the Common Council did not pass an ordinance or resolution to declare the internet utility equipment as worthless property before entering into the internet service agreement with the provider, thus the equipment was not disposed of in the proper manner.

Indiana Code 5-22-22-8 states:

"(a) If the property is worthless, it may be demolished or junked.

(b) For purposes of this section and IC 5-22-21-6(4)(B), property may be considered worthless or of no market value if the value of the property is less than the estimated costs of the sale and transportation of the property."

CITY OF LINTON  
EXIT CONFERENCE

The contents of this report were discussed on August 23, 2012, with John A. Wilkes, Mayor; Tony Richards, President of Common Council; David W. Sisk, Utilities Controller; Brent Slover, General Manager of Utilities; and B. Jack Shelton, Clerk-Treasurer. The officials concurred with our findings.