

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF FORT BRANCH

GIBSON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
11/14/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Stacy Elpers	01-01-08 to 12-31-15
President of the Town Council	Larry Holder Tom Wallace	01-01-10 to 12-31-10 01-01-11 to 12-31-12
Superintendent of Water Utility	Frederick Brokaw	01-01-10 to 12-31-12
Superintendent of Wastewater Utility	Gregory Wright	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FORT BRANCH, GIBSON COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Fort Branch (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. 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.

The Town's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

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

September 27, 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 FORT BRANCH
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	\$ 130,454	\$ 344,940	\$ 320,995	\$ 154,399
Motor Vehicle Highway	129,699	78,237	105,886	102,050
Local Road And Street	867	10,376	7,985	3,258
Donations- Senior Center	400	-	400	-
Law Enforcement Continuing Ed	8,366	1,985	1,325	9,026
Parks And Recreation	25,689	53,227	46,618	32,298
Park Donations	304	-	304	-
Rainy Day	15,954	3,507	-	19,461
Cumulative Capl Imprv Cigarette Tax	6,770	6,793	-	13,563
Cedit Capital Projects	236,269	54,942	24,304	266,907
Payroll	6,601	413,888	413,313	7,176
Levy Excess	9,893	560	9,893	560
Wastewater Utility-Operating	132,032	915,817	921,064	126,785
Wastewater Util-Bond And Interest	281,696	363,886	358,832	286,750
Wastewater Improvement	120,794	976	-	121,770
Wastewater Cash Change	150	-	-	150
Wastewater Utility-Debt Service Reserve	189,240	63,130	-	252,370
Wastewater Construction	179,469	10,301	117,526	72,244
Water Utility-Operating	61,084	743,147	616,498	187,733
Water Utility-Bond And Interest	104,992	112,407	187,685	29,714
Water Utility-Customer Deposit	98,414	20,250	15,974	102,690
Water Utility-Improvement	395,539	1,697	165,167	232,069
Water Utility-Cash Reserve	48,736	1,697	-	50,433
Water Debt Service	205,503	-	-	205,503
Totals	<u>\$ 2,388,915</u>	<u>\$ 3,201,763</u>	<u>\$ 3,313,769</u>	<u>\$ 2,276,909</u>

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

TOWN OF FORT BRANCH
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	\$ 154,399	\$ 305,311	\$ 311,006	\$ 148,704
Motor Vehicle Highway	102,050	76,545	77,246	101,349
Local Road And Street	3,258	10,539	9,000	4,797
Law Enforcement Continuing Ed	9,026	2,400	415	11,011
Parks And Recreation	32,298	54,575	52,258	34,615
Rainy Day	19,461	-	-	19,461
Cumulative Capl Imprv Cigarette Tax	13,563	6,662	5,793	14,432
Cumulative Capital Development	-	8,196	-	8,196
Cedit Capital Projects	266,907	42,392	37,197	272,102
Grant Fund Revenue	-	27,745	53,425	(25,680)
Payroll	7,176	408,077	407,603	7,650
Levy Excess	560	-	560	-
Wastewater Utility-Operating	126,785	777,857	825,943	78,699
Wastewater Util-Bond And Interest	286,750	363,770	648,491	2,029
Wastewater Improvement	121,770	205	5,310	116,665
Wastewater Cash Change	150	-	-	150
Wastewater Utility-Debt Service Reserve	252,370	63,067	-	315,437
Wastewater Construction	72,244	11	3,750	68,505
Water Utility-Operating	187,733	554,534	590,994	151,273
Water Utility-Bond And Interest	29,714	191,857	190,270	31,301
Water Utility-Customer Deposit	102,690	20,700	11,602	111,788
Water Utility-Improvement	232,069	112,831	47,643	297,257
Water Utility-Cash Reserve	50,433	333	-	50,766
Water Debt Service	205,503	-	-	205,503
Totals	<u>\$ 2,276,909</u>	<u>\$ 3,027,607</u>	<u>\$ 3,278,506</u>	<u>\$ 2,026,010</u>

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

TOWN OF FORT BRANCH
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 may 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 state, local road and street distribution received from the state, financial institution tax received

TOWN OF FORT BRANCH
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 statements. The aggregate disbursements may 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.

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

TOWN OF FORT BRANCH
NOTES TO FINANCIAL STATEMENTS
(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 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.

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.

TOWN OF FORT BRANCH
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy and Annual Pension Cost

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

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

	General	Motor Vehicle Highway	Local Road And Street	Donations- Senior Center	Law Enforcement Continuing Ed	Parks And Recreation	Park Donations
Cash and investments - beginning	\$ 130,454	\$ 129,699	\$ 867	\$ 400	\$ 8,366	\$ 25,689	\$ 304
Receipts:							
Taxes	226,540	-	-	-	-	29,054	-
Intergovernmental	73,246	74,867	10,376	-	-	3,281	-
Charges for services	14,522	2,690	-	-	1,985	20,098	-
Fines and forfeits	840	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	29,792	680	-	-	-	794	-
Total receipts	<u>344,940</u>	<u>78,237</u>	<u>10,376</u>	<u>-</u>	<u>1,985</u>	<u>53,227</u>	<u>-</u>
Disbursements:							
Personal services	197,659	45,729	-	-	-	21,782	-
Supplies	24,739	11,893	-	-	890	2,959	-
Other services and charges	67,096	12,724	-	-	435	20,461	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	6,901	35,540	7,985	-	-	500	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	24,600	-	-	400	-	916	304
Total disbursements	<u>320,995</u>	<u>105,886</u>	<u>7,985</u>	<u>400</u>	<u>1,325</u>	<u>46,618</u>	<u>304</u>
Excess (deficiency) of receipts over disbursements	<u>23,945</u>	<u>(27,649)</u>	<u>2,391</u>	<u>(400)</u>	<u>660</u>	<u>6,609</u>	<u>(304)</u>
Cash and investments - ending	<u>\$ 154,399</u>	<u>\$ 102,050</u>	<u>\$ 3,258</u>	<u>\$ -</u>	<u>\$ 9,026</u>	<u>\$ 32,298</u>	<u>\$ -</u>

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

	Rainy Day	Cumulative Capl Imprv Cigarette Tax	Cedit Capital Projects	Payroll	Levy Excess	Wastewater Utility-Operating
Cash and investments - beginning	\$ 15,954	\$ 6,770	\$ 236,269	\$ 6,601	\$ 9,893	\$ 132,032
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	3,507	6,793	54,942	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	773,923
Penalties	-	-	-	-	-	14,517
Other receipts	-	-	-	413,888	560	127,377
Total receipts	<u>3,507</u>	<u>6,793</u>	<u>54,942</u>	<u>413,888</u>	<u>560</u>	<u>915,817</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	24,304	-	-	-
Utility operating expenses	-	-	-	-	-	404,540
Other disbursements	-	-	-	413,313	9,893	516,524
Total disbursements	<u>-</u>	<u>-</u>	<u>24,304</u>	<u>413,313</u>	<u>9,893</u>	<u>921,064</u>
Excess (deficiency) of receipts over disbursements	<u>3,507</u>	<u>6,793</u>	<u>30,638</u>	<u>575</u>	<u>(9,333)</u>	<u>(5,247)</u>
Cash and investments - ending	<u>\$ 19,461</u>	<u>\$ 13,563</u>	<u>\$ 266,907</u>	<u>\$ 7,176</u>	<u>\$ 560</u>	<u>\$ 126,785</u>

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

	Wastewater Util-Bond And Interest	Wastewater Improvement	Wastewater Cash Change	Wastewater Utility-Debt Service Reserve	Wastewater Construction	Water Utility-Operating
Cash and investments - beginning	\$ 281,696	\$ 120,794	\$ 150	\$ 189,240	\$ 179,469	\$ 61,084
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	486,467
Penalties	-	-	-	-	-	3,221
Other receipts	363,886	976	-	63,130	10,301	253,459
Total receipts	<u>363,886</u>	<u>976</u>	<u>-</u>	<u>63,130</u>	<u>10,301</u>	<u>743,147</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	358,832	-	-	-	-	-
Capital outlay	-	-	-	-	86,563	-
Utility operating expenses	-	-	-	-	24,596	264,632
Other disbursements	-	-	-	-	6,367	351,866
Total disbursements	<u>358,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,526</u>	<u>616,498</u>
Excess (deficiency) of receipts over disbursements	<u>5,054</u>	<u>976</u>	<u>-</u>	<u>63,130</u>	<u>(107,225)</u>	<u>126,649</u>
Cash and investments - ending	<u>\$ 286,750</u>	<u>\$ 121,770</u>	<u>\$ 150</u>	<u>\$ 252,370</u>	<u>\$ 72,244</u>	<u>\$ 187,733</u>

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

	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Water Utility-Improvement	Water Utility-Cash Reserve	Water Debt Service	Totals
Cash and investments - beginning	\$ 104,992	\$ 98,414	\$ 395,539	\$ 48,736	\$ 205,503	\$ 2,388,915
Receipts:						
Taxes	-	-	-	-	-	255,594
Intergovernmental	-	-	-	-	-	227,012
Charges for services	-	-	-	-	-	39,295
Fines and forfeits	-	-	-	-	-	840
Utility fees	-	-	-	-	-	1,260,390
Penalties	-	-	-	-	-	17,738
Other receipts	112,407	20,250	1,697	1,697	-	1,400,894
Total receipts	112,407	20,250	1,697	1,697	-	3,201,763
Disbursements:						
Personal services	-	-	-	-	-	265,170
Supplies	-	-	-	-	-	40,481
Other services and charges	-	-	-	-	-	100,716
Debt service - principal and interest	187,685	-	-	-	-	546,517
Capital outlay	-	-	-	-	-	161,793
Utility operating expenses	-	15,963	165,167	-	-	874,898
Other disbursements	-	11	-	-	-	1,324,194
Total disbursements	187,685	15,974	165,167	-	-	3,313,769
Excess (deficiency) of receipts over disbursements	(75,278)	4,276	(163,470)	1,697	-	(112,006)
Cash and investments - ending	\$ 29,714	\$ 102,690	\$ 232,069	\$ 50,433	\$ 205,503	\$ 2,276,909

TOWN OF FORT BRANCH
 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	Law Enforcement Continuing Ed	Parks And Recreation	Rainy Day	Cumulative Capl Imprv Cigarette Tax
Cash and investments - beginning	\$ 154,399	\$ 102,050	\$ 3,258	\$ 9,026	\$ 32,298	\$ 19,461	\$ 13,563
Receipts:							
Taxes	221,080	13,539	-	-	30,277	-	-
Licenses and permits	-	-	-	2,270	-	-	-
Intergovernmental	47,408	61,110	10,539	-	3,152	-	6,662
Charges for services	-	-	-	130	20,756	-	-
Fines and forfeits	2,656	-	-	-	50	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	34,167	1,896	-	-	340	-	-
Total receipts	<u>305,311</u>	<u>76,545</u>	<u>10,539</u>	<u>2,400</u>	<u>54,575</u>	<u>-</u>	<u>6,662</u>
Disbursements:							
Personal services	209,525	49,408	-	-	23,004	-	-
Supplies	23,646	11,660	-	-	2,690	-	-
Other services and charges	66,251	14,135	-	415	17,396	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	11,584	904	9,000	-	1,143	-	5,793
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,139	-	-	8,025	-	-
Total disbursements	<u>311,006</u>	<u>77,246</u>	<u>9,000</u>	<u>415</u>	<u>52,258</u>	<u>-</u>	<u>5,793</u>
Excess (deficiency) of receipts over disbursements	<u>(5,695)</u>	<u>(701)</u>	<u>1,539</u>	<u>1,985</u>	<u>2,317</u>	<u>-</u>	<u>869</u>
Cash and investments - ending	<u>\$ 148,704</u>	<u>\$ 101,349</u>	<u>\$ 4,797</u>	<u>\$ 11,011</u>	<u>\$ 34,615</u>	<u>\$ 19,461</u>	<u>\$ 14,432</u>

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

	Cumulative Capital Development	Cedit Capital Projects	Grant Fund Revenue	Payroll	Levy Excess	Wastewater Utility-Operating
Cash and investments - beginning	\$ -	\$ 266,907	\$ -	\$ 7,176	\$ 560	\$ 126,785
Receipts:						
Taxes	7,401	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	795	42,392	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	761,023
Penalties	-	-	-	-	-	13,089
Other receipts	-	-	27,745	408,077	-	3,745
Total receipts	<u>8,196</u>	<u>42,392</u>	<u>27,745</u>	<u>408,077</u>	<u>-</u>	<u>777,857</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	5,255	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	31,942	-	-	-	-
Utility operating expenses	-	-	-	-	-	399,619
Other disbursements	-	-	53,425	407,603	560	426,324
Total disbursements	<u>-</u>	<u>37,197</u>	<u>53,425</u>	<u>407,603</u>	<u>560</u>	<u>825,943</u>
Excess (deficiency) of receipts over disbursements	<u>8,196</u>	<u>5,195</u>	<u>(25,680)</u>	<u>474</u>	<u>(560)</u>	<u>(48,086)</u>
Cash and investments - ending	<u>\$ 8,196</u>	<u>\$ 272,102</u>	<u>\$ (25,680)</u>	<u>\$ 7,650</u>	<u>\$ -</u>	<u>\$ 78,699</u>

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

	Wastewater Util-Bond And Interest	Wastewater Improvement	Wastewater Cash Change	Wastewater Utility-Debt Service Reserve	Wastewater Construction	Water Utility-Operating
Cash and investments - beginning	\$ 286,750	\$ 121,770	\$ 150	\$ 252,370	\$ 72,244	\$ 187,733
Receipts:						
Taxes	-	-	-	-	-	34,809
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	514,336
Penalties	-	-	-	-	-	3,015
Other receipts	<u>363,770</u>	<u>205</u>	<u>-</u>	<u>63,067</u>	<u>11</u>	<u>2,374</u>
Total receipts	<u>363,770</u>	<u>205</u>	<u>-</u>	<u>63,067</u>	<u>11</u>	<u>554,534</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	648,491	-	-	-	-	-
Capital outlay	-	5,310	-	-	3,750	-
Utility operating expenses	-	-	-	-	-	286,800
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,194</u>
Total disbursements	<u>648,491</u>	<u>5,310</u>	<u>-</u>	<u>-</u>	<u>3,750</u>	<u>590,994</u>
Excess (deficiency) of receipts over disbursements	<u>(284,721)</u>	<u>(5,105)</u>	<u>-</u>	<u>63,067</u>	<u>(3,739)</u>	<u>(36,460)</u>
Cash and investments - ending	<u>\$ 2,029</u>	<u>\$ 116,665</u>	<u>\$ 150</u>	<u>\$ 315,437</u>	<u>\$ 68,505</u>	<u>\$ 151,273</u>

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

	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Water Utility-Improvement	Water Utility-Cash Reserve	Water Debt Service	Totals
Cash and investments - beginning	\$ 29,714	\$ 102,690	\$ 232,069	\$ 50,433	\$ 205,503	\$ 2,276,909
Receipts:						
Taxes	-	-	-	-	-	307,106
Licenses and permits	-	-	-	-	-	2,270
Intergovernmental	-	-	-	-	-	172,058
Charges for services	-	-	-	-	-	20,886
Fines and forfeits	-	-	-	-	-	2,706
Utility fees	-	20,700	-	-	-	1,296,059
Penalties	-	-	-	-	-	16,104
Other receipts	191,857	-	112,831	333	-	1,210,418
Total receipts	191,857	20,700	112,831	333	-	3,027,607
Disbursements:						
Personal services	-	-	-	-	-	281,937
Supplies	-	-	-	-	-	37,996
Other services and charges	-	-	-	-	-	103,452
Debt service - principal and interest	190,270	-	-	-	-	838,761
Capital outlay	-	-	47,643	-	-	117,069
Utility operating expenses	-	-	-	-	-	686,419
Other disbursements	-	11,602	-	-	-	1,212,872
Total disbursements	190,270	11,602	47,643	-	-	3,278,506
Excess (deficiency) of receipts over disbursements	1,587	9,098	65,188	333	-	(250,899)
Cash and investments - ending	<u>\$ 31,301</u>	<u>\$ 111,788</u>	<u>\$ 297,257</u>	<u>\$ 50,766</u>	<u>\$ 205,503</u>	<u>\$ 2,026,010</u>

TOWN OF FORT BRANCH
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 5,782	\$ 9,680
Wastewater	-	8,426
Water	-	<u>4,528</u>
Totals	<u>\$ 5,782</u>	<u>\$ 22,634</u>

TOWN OF FORT BRANCH
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater:			
Revenue bonds	03 Rev Bonds Swr Inteceptor line Candlelight to Swr Plant	\$ 464,000	\$ 49,760
Revenue bonds	07 Rev Bonds Sewer Treatment Plant Expansion	<u>3,884,000</u>	<u>312,956</u>
Total Wastewater		<u>4,348,000</u>	<u>362,716</u>
Water:			
General obligation bonds	Water Treatment Plant and Tank	<u>790,000</u>	<u>186,265</u>
Totals		<u>\$ 5,138,000</u>	<u>\$ 548,981</u>

TOWN OF FORT BRANCH
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	\$ 20,000
Buildings	529,030
Improvements other than buildings	66,681
Machinery, equipment and vehicles	282,312
Construction in progress	61,415
Total governmental activities	959,438
Wastewater:	
Land	107,921
Buildings	2,909,539
Improvements other than buildings	1,790,698
Machinery, equipment and vehicles	93,698
Construction in progress	5,094,908
Total Wastewater	9,996,764
Water:	
Land	13,130
Buildings	2,322,159
Improvements other than buildings	200,707
Machinery, equipment and vehicles	50,500
Construction in progress	220,951
Total Water	2,807,447
Total capital assets	\$ 13,763,649

TOWN OF FORT BRANCH
EXAMINATION RESULT AND COMMENT

ACCOUNTABLE ITEMS (Water and Wastewater Utilities)

We noted a loss of approximately 45 percent in 2010 and 48 percent in 2011 in the amount of water pumped by the Water Utility as compared to water consumption billed for the corresponding years. Wastewater billings are prepared based on the water consumption so the Wastewater Utility is also losing revenue.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF FORT BRANCH
EXIT CONFERENCE

The contents of this report were discussed on October 1, 2012, with Stacy Elpers, Clerk-Treasurer, and Tom Wallace, President of the Town Council. The Official Response has been made a part of this report and may be found on page 27.

Town of

FORT BRANCH

Municipal Water Utility/Sanitation Department
P.O. Box 40
Fort Branch, Indiana 47648
(812) 753-3824



Official response to 2010 & 2011 ARC

10/01/2012

ACCOUNTABLE ITEM

In response to the water loss of 45% in 2010 and 48% in 2011 for water pumped versus water billed, the Town of Fort Branch has done a water study with Hannum Wagle & Cline Engineering to address the water loss issue. A leak detection study has been completed as well. The town had applied for a grant to address some of the old water line issues and replace water meters, which has been denied in this years round. The town has been putting \$75,000.00 annually into a water meter replacement fund to change out water meters as this is where we believe a lot of the water loss comes from due to the age of the current meters. Some of the loss is attributable to old pipes. Even though the grant has been denied at this time, the town is still putting back the money to replace the meters a little bit at a time.

Stacy L. Elpers
Fort Branch Clerk Treasurer

