

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF INGALLS

MADISON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
01/03/2013



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	William Kipling Golden	01-01-08 to 12-31-15
President of the Town Council	Charles D. Dowden Cheryl Martin	01-01-10 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF INGALLS, MADISON COUNTY, INDIANA

We have examined the financial statements of the Town of Ingalls (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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and 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 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 INGALLS  
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	\$ 117,804	\$ 479,930	\$ 490,515	\$ 107,219
Motor Vehicle Highway	513	80,190	78,012	2,691
Local Road And Street	(11,401)	32,639	8,318	12,920
Law Enforcement Continuing Ed	3,530	3,223	733	6,020
Rainy Day	17,088	93,531	18,052	92,567
Criminal Justice Institute Grant	4	-	-	4
Levy Excess	-	634	-	634
Coit Public Safety	-	34,755	24,476	10,279
Ambulance	2,204	25,716	24,150	3,770
Animal	(1,508)	5,224	764	2,952
Building Permits	(231)	9,685	5,558	3,896
Fire Dept Equipment	60	1,429	1,489	-
Park And Recreation	20,075	31,239	20,369	30,945
Police Dept Equipment	7,560	4,064	8,223	3,401
Cumulative Capl Imprv Cigarette Tax	1,223	8,420	4,611	5,032
Cumulative Capital Development	3,503	17,116	15,692	4,927
Payroll	211,122	414,513	412,696	212,939
Storm Water Utility-Operating	35,399	43,403	48,596	30,206
Water Utility-Operating	188,667	1,111,928	994,716	305,879
Water Utility-Depreciation/Improve	13,077	11	-	13,088
Water Utility-Customer Deposit	72,773	18,578	14,257	77,094
Water Utility-Construction	140,205	-	56,996	83,209
Water Utility-Bond And Interest	136,343	235,727	235,431	136,639
Water Utility-Debt Service	289,643	9,271	802	298,112
Totals	<u>\$ 1,247,653</u>	<u>\$ 2,661,226</u>	<u>\$ 2,464,456</u>	<u>\$ 1,444,423</u>

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

TOWN OF INGALLS  
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	\$ 107,219	\$ 396,901	\$ 490,512	\$ 13,608
Motor Vehicle Highway	2,691	71,323	68,231	5,783
Local Road And Street	12,920	11,201	18,285	5,836
Law Enforcement Continuing Ed	6,020	2,449	2,172	6,297
Rainy Day	92,567	65,082	59,592	98,057
Levy Excess	634	-	634	-
Cumulative Capl Imprv Cigarette Tax	5,032	3,354	3,800	4,586
Cumulative Capital Development	4,927	13,857	15,325	3,459
Criminal Justice Institute Grant	4	1,445	1,445	4
Coit Public Safety	10,279	25,482	12,871	22,890
Ambulance	3,770	23,979	24,451	3,298
Animal	2,952	4,160	5,461	1,651
Building Permits	3,896	5,830	5,731	3,995
Fire Dept Equipment	-	153	-	153
Park And Recreation	30,945	9,864	16,332	24,477
Police Dept Equipment	3,401	1,530	905	4,026
Payroll	212,939	445,491	450,025	208,405
Storm Water Utility-Operating	30,206	43,859	66,087	7,978
Water Utility-Operating	305,879	1,169,181	1,086,389	388,671
Water Utility-Depreciation/Improve	13,088	47	-	13,135
Water Utility-Customer Deposit	77,094	17,328	11,600	82,822
Water Utility-Construction	83,209	-	-	83,209
Water Utility-Bond and Interest	136,639	294,597	276,847	154,389
Water Utility-Debt Service	298,112	11,411	-	309,523
Totals	<u>\$ 1,444,423</u>	<u>\$ 2,618,524</u>	<u>\$ 2,616,695</u>	<u>\$ 1,446,252</u>

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

TOWN OF INGALLS  
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 state,

TOWN OF INGALLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial 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 INGALLS  
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 INGALLS  
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***

The Town offers a Deferred Compensation plan administered by Edward Jones. The plan is voluntary and currently four employees participate in the plan. Information about the plan may be obtained from the Town.

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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/](http://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 INGALLS  
 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	Law Enforcement Continuing Ed	Rainy Day	Criminal Justice Institute Grant	Levy Excess
Cash and investments - beginning	\$ 117,804	\$ 513	\$ (11,401)	\$ 3,530	\$ 17,088	\$ 4	\$ -
Receipts:							
Taxes	347,769	-	-	-	-	-	634
Licenses and permits	-	-	-	1,020	-	-	-
Intergovernmental	102,925	72,736	21,555	-	43,020	-	-
Charges for services	-	-	-	125	-	-	-
Fines and forfeits	-	-	-	2,078	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	29,236	7,454	11,084	-	50,511	-	-
Total receipts	<u>479,930</u>	<u>80,190</u>	<u>32,639</u>	<u>3,223</u>	<u>93,531</u>	<u>-</u>	<u>634</u>
Disbursements:							
Personal services	161,742	34,061	863	-	-	-	-
Supplies	28,210	21,444	7,455	733	-	-	-
Other services and charges	153,861	20,687	-	-	18,046	-	-
Debt service - principal and interest	37,970	-	-	-	-	-	-
Capital outlay	2,625	1,820	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	106,107	-	-	-	6	-	-
Total disbursements	<u>490,515</u>	<u>78,012</u>	<u>8,318</u>	<u>733</u>	<u>18,052</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(10,585)</u>	<u>2,178</u>	<u>24,321</u>	<u>2,490</u>	<u>75,479</u>	<u>-</u>	<u>634</u>
Cash and investments - ending	<u>\$ 107,219</u>	<u>\$ 2,691</u>	<u>\$ 12,920</u>	<u>\$ 6,020</u>	<u>\$ 92,567</u>	<u>\$ 4</u>	<u>\$ 634</u>

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

	Coit Public Safety	Ambulance	Animal	Building Permits	Fire Dept Equipment	Park And Recreation
Cash and investments - beginning	\$ -	\$ 2,204	\$ (1,508)	\$ (231)	\$ 60	\$ 20,075
Receipts:						
Taxes	-	-	-	-	-	30,480
Licenses and permits	-	-	-	4,850	-	-
Intergovernmental	34,755	-	-	-	-	58
Charges for services	-	25,716	-	4,835	1,268	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	5,224	-	161	701
<b>Total receipts</b>	<b>34,755</b>	<b>25,716</b>	<b>5,224</b>	<b>9,685</b>	<b>1,429</b>	<b>31,239</b>
Disbursements:						
Personal services	-	1,342	-	4,558	-	1,236
Supplies	6,951	6,754	-	-	848	4,134
Other services and charges	6,345	16,054	764	1,000	641	7,176
Debt service - principal and interest	-	-	-	-	-	7,823
Capital outlay	11,180	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
<b>Total disbursements</b>	<b>24,476</b>	<b>24,150</b>	<b>764</b>	<b>5,558</b>	<b>1,489</b>	<b>20,369</b>
Excess (deficiency) of receipts over disbursements	<u>10,279</u>	<u>1,566</u>	<u>4,460</u>	<u>4,127</u>	<u>(60)</u>	<u>10,870</u>
Cash and investments - ending	<u>\$ 10,279</u>	<u>\$ 3,770</u>	<u>\$ 2,952</u>	<u>\$ 3,896</u>	<u>\$ -</u>	<u>\$ 30,945</u>

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

	Police Dept Equipment	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Payroll	Storm Water Utility-Operating	Water Utility-Operating
Cash and investments - beginning	\$ 7,560	\$ 1,223	\$ 3,503	\$ 211,122	\$ 35,399	\$ 188,667
Receipts:						
Taxes	-	-	17,066	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	3,420	50	-	-	-
Charges for services	900	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	43,403	946,708
Penalties	-	-	-	-	-	8,740
Other receipts	3,164	5,000	-	414,513	-	156,480
Total receipts	<u>4,064</u>	<u>8,420</u>	<u>17,116</u>	<u>414,513</u>	<u>43,403</u>	<u>1,111,928</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	373	709	3,397	-	-	-
Other services and charges	133	3,902	3,161	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	5,500	-	9,134	-	-	4,218
Utility operating expenses	-	-	-	-	19,056	663,680
Other disbursements	2,217	-	-	412,696	29,540	326,818
Total disbursements	<u>8,223</u>	<u>4,611</u>	<u>15,692</u>	<u>412,696</u>	<u>48,596</u>	<u>994,716</u>
Excess (deficiency) of receipts over disbursements	<u>(4,159)</u>	<u>3,809</u>	<u>1,424</u>	<u>1,817</u>	<u>(5,193)</u>	<u>117,212</u>
Cash and investments - ending	<u>\$ 3,401</u>	<u>\$ 5,032</u>	<u>\$ 4,927</u>	<u>\$ 212,939</u>	<u>\$ 30,206</u>	<u>\$ 305,879</u>

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

	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Water Utility-Construction	Water Utility-Bond And Interest	Water Utility-Debt Service	Totals
Cash and investments - beginning	\$ 13,077	\$ 72,773	\$ 140,205	\$ 136,343	\$ 289,643	\$ 1,247,653
Receipts:						
Taxes	-	-	-	-	-	395,949
Licenses and permits	-	-	-	-	-	5,870
Intergovernmental	-	-	-	-	-	278,519
Charges for services	-	-	-	-	-	32,844
Fines and forfeits	-	-	-	-	-	2,078
Utility fees	-	-	-	-	-	990,111
Penalties	-	-	-	-	-	8,740
Other receipts	11	18,578	-	235,727	9,271	947,115
Total receipts	11	18,578	-	235,727	9,271	2,661,226
Disbursements:						
Personal services	-	-	-	-	-	203,802
Supplies	-	-	-	-	-	81,008
Other services and charges	-	-	-	-	-	231,770
Debt service - principal and interest	-	-	-	235,431	-	281,224
Capital outlay	-	-	56,996	-	-	91,473
Utility operating expenses	-	4,071	-	-	-	686,807
Other disbursements	-	10,186	-	-	802	888,372
Total disbursements	-	14,257	56,996	235,431	802	2,464,456
Excess (deficiency) of receipts over disbursements	11	4,321	(56,996)	296	8,469	196,770
Cash and investments - ending	\$ 13,088	\$ 77,094	\$ 83,209	\$ 136,639	\$ 298,112	\$ 1,444,423

TOWN OF INGALLS  
 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	Rainy Day	Levy Excess	Cumulative Capl Imprv Cigarette Tax
Cash and investments - beginning	\$ 107,219	\$ 2,691	\$ 12,920	\$ 6,020	\$ 92,567	\$ 634	\$ 5,032
Receipts:							
Taxes	236,995	39,931	-	-	-	-	-
Licenses and permits	-	-	-	821	-	-	-
Intergovernmental	132,375	29,471	11,167	-	65,082	-	3,354
Charges for services	18,000	-	-	152	-	-	-
Fines and forfeits	-	-	-	1,476	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	9,531	1,921	34	-	-	-	-
Total receipts	<u>396,901</u>	<u>71,323</u>	<u>11,201</u>	<u>2,449</u>	<u>65,082</u>	<u>-</u>	<u>3,354</u>
Disbursements:							
Personal services	185,099	32,950	703	-	-	-	-
Supplies	53,453	26,911	14,544	1,475	4,663	-	-
Other services and charges	68,632	5,897	3,038	642	3,536	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	96,174	-	-	-	51,393	-	3,800
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	87,154	2,473	-	55	-	634	-
Total disbursements	<u>490,512</u>	<u>68,231</u>	<u>18,285</u>	<u>2,172</u>	<u>59,592</u>	<u>634</u>	<u>3,800</u>
Excess (deficiency) of receipts over disbursements	<u>(93,611)</u>	<u>3,092</u>	<u>(7,084)</u>	<u>277</u>	<u>5,490</u>	<u>(634)</u>	<u>(446)</u>
Cash and investments - ending	<u>\$ 13,608</u>	<u>\$ 5,783</u>	<u>\$ 5,836</u>	<u>\$ 6,297</u>	<u>\$ 98,057</u>	<u>\$ -</u>	<u>\$ 4,586</u>

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

	Cumulative Capital Development	Criminal Justice Institute Grant	Coit Public Safety	Ambulance	Animal	Building Permits
Cash and investments - beginning	\$ 4,927	\$ 4	\$ 10,279	\$ 3,770	\$ 2,952	\$ 3,896
Receipts:						
Taxes	13,820	-	-	-	-	-
Licenses and permits	-	-	-	-	-	2,860
Intergovernmental	37	-	25,482	-	-	-
Charges for services	-	-	-	23,979	-	2,970
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,445	-	-	4,160	-
Total receipts	<u>13,857</u>	<u>1,445</u>	<u>25,482</u>	<u>23,979</u>	<u>4,160</u>	<u>5,830</u>
Disbursements:						
Personal services	-	1,445	-	204	-	5,731
Supplies	-	-	7,871	5,230	807	-
Other services and charges	325	-	-	12,525	4,654	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	15,000	-	5,000	6,492	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>15,325</u>	<u>1,445</u>	<u>12,871</u>	<u>24,451</u>	<u>5,461</u>	<u>5,731</u>
Excess (deficiency) of receipts over disbursements	<u>(1,468)</u>	<u>-</u>	<u>12,611</u>	<u>(472)</u>	<u>(1,301)</u>	<u>99</u>
Cash and investments - ending	<u>\$ 3,459</u>	<u>\$ 4</u>	<u>\$ 22,890</u>	<u>\$ 3,298</u>	<u>\$ 1,651</u>	<u>\$ 3,995</u>

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

	Fire Dept Equipment	Park And Recreation	Police Dept Equipment	Payroll	Storm Water Utility-Operating	Water Utility-Operating
Cash and investments - beginning	\$ -	\$ 30,945	\$ 3,401	\$ 212,939	\$ 30,206	\$ 305,879
Receipts:						
Taxes	-	9,161	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	20	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	43,859	1,074,441
Other receipts	153	683	1,530	445,491	-	94,740
<b>Total receipts</b>	<b>153</b>	<b>9,864</b>	<b>1,530</b>	<b>445,491</b>	<b>43,859</b>	<b>1,169,181</b>
Disbursements:						
Personal services	-	3,627	-	-	-	-
Supplies	-	5,368	500	-	-	-
Other services and charges	-	6,631	185	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	3,882	7,558
Utility operating expenses	-	-	-	-	61,932	767,379
Other disbursements	-	706	220	450,025	273	311,452
<b>Total disbursements</b>	<b>-</b>	<b>16,332</b>	<b>905</b>	<b>450,025</b>	<b>66,087</b>	<b>1,086,389</b>
Excess (deficiency) of receipts over disbursements	153	(6,468)	625	(4,534)	(22,228)	82,792
Cash and investments - ending	<u>\$ 153</u>	<u>\$ 24,477</u>	<u>\$ 4,026</u>	<u>\$ 208,405</u>	<u>\$ 7,978</u>	<u>\$ 388,671</u>

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

	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Water Utility-Construction	Water Utility-Bond and Interest	Water Utility-Debt Service	Totals
Cash and investments - beginning	\$ 13,088	\$ 77,094	\$ 83,209	\$ 136,639	\$ 298,112	\$ 1,444,423
Receipts:						
Taxes	-	-	-	-	-	299,907
Licenses and permits	-	-	-	-	-	3,681
Intergovernmental	-	-	-	-	-	266,988
Charges for services	-	-	-	-	-	45,101
Fines and forfeits	-	-	-	-	-	1,476
Utility fees	-	17,328	-	-	-	1,135,628
Other receipts	47	-	-	294,597	11,411	865,743
Total receipts	47	17,328	-	294,597	11,411	2,618,524
Disbursements:						
Personal services	-	-	-	-	-	229,759
Supplies	-	-	-	-	-	120,822
Other services and charges	-	-	-	-	-	106,065
Debt service - principal and interest	-	-	-	276,847	-	276,847
Capital outlay	-	-	-	-	-	189,299
Utility operating expenses	-	7,691	-	-	-	837,002
Other disbursements	-	3,909	-	-	-	856,901
Total disbursements	-	11,600	-	276,847	-	2,616,695
Excess (deficiency) of receipts over disbursements	47	5,728	-	17,750	11,411	1,829
Cash and investments - ending	\$ 13,135	\$ 82,822	\$ 83,209	\$ 154,389	\$ 309,523	\$ 1,446,252

TOWN OF INGALLS  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
First Merchants Bank NA	Fire Truck	\$ 12,944	09-04-06	09-02-11
Municipal Capital Corporation	Police Car	10,460	03-23-11	03-15-15
Oshkosh Capital	Ambulance	<u>17,211</u>	02-10-10	03-10-13
Total governmental activities		<u>40,615</u>		
Storm Water:				
GE Capitol	Excavator - split with water	<u>4,235</u>	09-01-10	09-01-15
Water:				
GE Capitol	Excavator - split with storm water	<u>4,235</u>	09-01-10	09-01-15
Total of annual lease payments		<u>\$ 49,085</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Water:			
Revenue bonds	2001 Bonds - Installation of new wells & expand treatment plant at the Reformatory	\$ 1,488,000	\$ 160,152
Revenue bonds	2006 Bonds - New water tower	518,000	45,999
Revenue bonds	2008 Bonds - Continuation of new water tower	374,000	29,763
Revenue bonds	2011A Bonds - new wellfield and transmission main	150,614	13,387
Revenue bonds	2011B Bonds - new wellfield and transmission main	<u>250,000</u>	<u>25,000</u>
Total Water		<u>2,780,614</u>	<u>274,301</u>
Totals		<u>\$ 2,780,614</u>	<u>\$ 274,301</u>

TOWN OF INGALLS  
OTHER REPORT

The report presented herein was prepared in addition to another official report prepared for the individual Town office listed below:

Town of Ingalls – Special Report

TOWN OF INGALLS  
EXAMINATION RESULTS AND COMMENTS

***DISPOSITION OF ASSET***

On October 7, 2010, the Town sold a John Deere backhoe and received \$7,200, from the sale of this asset. The sale was not advertised, an auction was not conducted, the surplus property was not sold through an internet auction site, and sealed bids were not received.

Indiana Code 5-22-22-4(a) states in part:

"If the property to be sold is: (1) one (1) item, with an estimated value of one thousand dollars (\$1,000) or more; or (2) more than one (1) item, with an estimated total value of five thousand dollars (\$5,000) or more; the purchasing agent may engage an auctioneer licensed under IC 25-6.1 to advertise the sale and conduct a public auction."

Indiana Code 5-22-22-5 states in part:

"(a) If : (1) an auctioneer is not engaged . . . or (2) the surplus property is not sold through an Internet auction site under IC 5-22-22-4.5 . . . the purchasing agent shall sell the property at a public sale or by sealed bids delivered to the office of the purchasing agency before the date of sale.

(b) Advertisement of the sale shall be made in accordance with IC 5-3-1. (c) All sales shall be made to the highest responsible bidder."

***CELL PHONE REIMBURSEMENTS***

As similarly stated in the prior Report B37760, beginning in 2009, Town Council members were reimbursed \$30 a month for cell phone use to conduct Town business. This reimbursement was approved at the July 13, 2009 Town Council meeting; however, it was not included in the payroll system or salary ordinance for 2010 and 2011.

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)

***CAPITAL ASSET RECORDS***

As similarly stated in prior reports, most recently B37760, the capital assets records maintained by the Town are incomplete. The most recent update of capital assets occurred in 2007.

Every governmental unit should have a complete inventory of all capital assets owned which reflect 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)

TOWN OF INGALLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**UNAUTHORIZED PENSION PLAN**

As similarly stated in prior reports, most recently B37760, in 2003 the Town Council approved participation in a Savings Incentive Match Plan for Employees of Small Employers Individual Retirement Account (SIMPLE IRA) plan. Under this plan, employees may choose to make salary reduction contributions to the SIMPLE IRA rather than receiving these amounts as part of their regular compensation. In addition, the employer contributes matching or nonelective contributions on behalf of eligible employees not to exceed 3 percent of the employee's salary. All contributions under this plan are deposited into a SIMPLE IRA established for each eligible employee. The Town made matching contributions of \$3,702 in 2010 and \$3,807 in 2011 for the four employees who participated in the plan.

Pursuant to IC 5-10.2-2-1, a city or town has no authority to establish a local pension plan by ordinance, resolution or contract after January 1, 1995, without specific statutory authority.

In reviewing the Indiana Code, the following pension plans are available to employees of a city or town:

	Indiana Code
Public Employees' Retirement Fund	5-10.3
Police Pension Fund - First Class Cities (1953 Police Pension Fund)	36-8-7.5
1925 Police Pension Fund	36-8-6
1937 Firefighter's Pension Fund	36-8-7
1977 Police Officers' and Firefighters' Pension and Disability Fund	36-8-8
Municipal Utility Employees' Pension Fund	8-1.5-3-7
City Hospitals - Third Class Cities	16-23-1-25(c)
Housing Authorities	36-7-18-10(d)
Department of Redevelopment	36-7-14-12.2 (15)
Deferred Compensation	5-10-1.1

Federally authorized individual retirement accounts and Social Security are the only other pension plans available to city and town employees. Inquiries relative to participation in the Public Employees' Retirement Fund should be directed to the Public Employees' Retirement Fund, Suite 800, Harrison Building, 143 Market Street, Indianapolis, Indiana, 46204, telephone 232-1615, area code 317. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**APPROPRIATIONS**

As similarly stated in prior reports, most recently B37760, the records presented for examination indicated the following expenditures in excess of budgeted appropriations:

TOWN OF INGALLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Fund	Year	Excess Amount Expended
Motor Vehicle Highway	2010	\$ 20,397
Rainy Day	2010	18,046
Cumulative Capital Improvement	2010	1,411
Local Road and Street	2011	3,699
Rainy Day	2011	50,592

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."

**LOANS PAYABLE TO THE WATER UTILITY**

As similarly stated in prior reports, most recently B37760, loans were made during 2004 through 2007 from the Water Utility to the Town in anticipation of taxes to be levied and collected. As of the beginning of the current examination period, four loans totaling \$305,000 had yet to be repaid. During 2010, the Town repaid the Water Utility \$34,000. During 2011, the Town made two separate payments to the Water Utility, one for \$34,000 and one for \$50,000. The Town still owed the Water Utility - Operating Fund \$187,000 at December 31, 2011.

Indiana Code 8-1.5-3-12 states:

"(a) A municipality may, by ordinance of its legislative body, borrow money from a utility owned by the municipality for current purposes in anticipation of taxes levied and to be collected during the current or following year.

(b) The board may by resolution lend money to the municipality if the utility has on hand:

- (1) A surplus of cash exceeding by at least the amount loaned the sum of all amounts required to pay the indebtedness of the utility falling due during the current calendar year and the following year;
- (2) The amount necessary to meet current expenses during the year; and
- (3) The amount necessary to pay for improvements contemplated to be made during the current calendar year minus the estimated receipts during the calendar year.

(c) A loan may not be made for a sum in excess of fifty percent (50%) of the amount estimated to be collected from anticipated taxes. The loan:

- (1) Must be evidenced by an obligation of the municipality;
- (2) Must be signed by the executive;
- (3) Is due on or before thirty (30) days after the last day for the payment of anticipated taxes; and
- (4) May bear interest at any rate as determined by the board, payable at maturity."

TOWN OF INGALLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**PAYMENT IN LIEU OF TAXES**

On November 11, 2011, the Water Utility - Operating Fund made Payments in Lieu of Taxes to the Town General Fund in the amount of \$50,000. Discussion of the approval of this payment was not noted in the Town Water Board Minutes or in the Town Council Minutes. A Cash Reserve Fund was not established in the Water Utility.

Pursuant to IC 8-1.5-3-11, the municipal legislative body (common council or town council), with the approval of the board (see IC 8-1.5-3-2 and IC 8-1.5-3-3 for definition of board), may "transfer surplus earnings of the utility (heat, light, water or gas utility) to the general fund." The money can be transferred only if terms and conditions of any bond ordinance, resolution, indenture, contract or similar instrument binding on the utility have been satisfied. [IC 8-1.5-3-11 (a)]

1. A cash reserve fund shall be established by ordinance and carried on the records of the utility or utilities. The fund shall be used to account for "monthly contributions or transfers . . . of surplus earnings of the utility or utilities." [IC 8-1.5-3-11 (b)]
2. The term "surplus earnings" is defined to mean those cash earnings remaining after provision has been made to take care of current obligations such as: (a) Operating expense; (b) depreciation or replacement fund; (c) bond and interest sinking fund; (d) retirement fund; or (e) any other priority fund requirements fixed by law. [IC 8-1.5-3-11 (c)]
3. After creation of the cash reserve fund, the legislative body may include in the municipal general fund budget, as revenue in lieu of taxes, an amount equal to the actual balance in the cash reserve fund as of June 30 of the current year. However, the available cash reserve fund balance may be transferred to the municipal general fund only during the calendar year for which the budget was adopted, and transfers may not be made from any utility funds to the general fund except from the cash reserve fund. [IC 8-1.5-3-11 (d)] IC 8-1-5-3-8 (g) and IC 36-9-23-25 (d) allow for payment in lieu of taxes to be transferred from the utility to the general fund if such expense is part of the utility's approved rates and charges.
4. If at any time after the final approval of the budget an emergency should arise for further appropriations from the general fund, the legislative body, may, by ordinance, transfer additional money from the cash reserve fund to the general fund to provide for the additional appropriations, the transfer to be limited to the accretions to the cash reserve fund since the preceding June 30. [IC 8-1.5-3-11 (e)]
5. A cash reserve fund, if authorized by ordinance, may be used to make loans to another utility owned by the same municipality, for periods not to exceed five (5) years, at any interest rate. The repayment of the loan and interest shall be returned to the cash reserve fund. [IC 8-1.5-3-11 (f)]61-10

Establishment of a Cash Reserve Fund permits transfer of surplus utility funds to the city or town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose. (Uniform and Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF INGALLS  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***PRESCRIBED FORMS - EMPLOYEE'S SERVICE RECORD***

The prescribed form, Employee's Service Record (General Payroll Form No. 99A) is not maintained for police officers and maintenance employees of the Town.

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)

***PRESCRIBED FORMS - ANNUAL REPORT***

The Town did not complete all sections of the Gateway annual report. The Accounts Receivable and Payable Schedules and Capital Asset Schedule were not completed.

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)

***OFFICIAL BOND***

As similarly stated in prior Report B37760, the Clerk-Treasurer was not covered by an official bond for the period June 14, 2008 to July 8, 2010.

Indiana Code 5-4-1-18(a) states in part:

"Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond: . . .

- (2) Town judges and clerk-treasurers."

Indiana Code 5-4-1-18(c) states in part:

"Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee."

TOWN OF INGALLS  
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2012, with William Kipling Golden, Clerk-Treasurer, and via telephone with Cheryl Martin, President of the Town Council.

The contents of this report were discussed on August 27, 2012, via telephone with Tim Green, Town Council member. The official concurred with our findings.