

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF COLFAX

CLINTON COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
01/16/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Betty Snell	01-01-08 to 12-31-15
President of the Town Council	Jesse L. Hollis	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 COLFAX, CLINTON COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Colfax (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 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.

The Town's response to the Examination Results and Comments 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 19, 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 COLFAX
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	\$ 46,073	\$ 456,720	\$ 203,339	\$ 299,454
Motor Vehicle Highway	68,952	28,110	19,950	77,112
Local Road And Street	10,009	4,209	4,232	9,986
Accident Report	44	-	44	-
Law Enforcement Continuing Ed	-	163	-	163
Riverboat	9,672	-	6,705	2,967
Rainy Day	-	7,734	2,160	5,574
Police Training	64	-	64	-
Cedit Special Revenue	28,569	20,950	5,015	44,504
Major Moves Construction	320	-	320	-
Loit-Public Safety	-	5,236	-	5,236
Cumulative Capital Development	11,904	4,456	3,690	12,670
Cumulative Capital Improvement	5,157	2,250	3,540	3,867
Building	-	50	-	50
Payroll	3,181	153,046	152,806	3,421
Insurance-Other	-	1,882	1,393	489
Sanitation	4,039	29,789	28,634	5,194
Due to Sanitation	2,498	29,217	28,837	2,878
Wastewater Utility-Operating	27,395	128,136	107,411	48,120
Wastewater Util-Bond And Interest	48,264	40,635	38,917	49,982
Wastewater Utility-Debt Reserve	42,189	4,864	17,568	29,485
Water Utility-Operating	38,820	132,840	112,691	58,969
Water Utility-Bond And Interest	30,103	23,208	34,914	18,397
Water Utility-Customer Deposit	45,969	4,742	3,050	47,661
Totals	<u>\$ 423,222</u>	<u>\$ 1,078,236</u>	<u>\$ 775,279</u>	<u>\$ 726,179</u>

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

TOWN OF COLFAX
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	\$ 299,454	\$ 318,005	\$ 263,192	\$ 354,267
Motor Vehicle Highway	77,112	28,642	21,647	84,107
Local Road And Street	9,986	4,083	4,000	10,069
Law Enforcement Continuing Ed	163	71	-	234
Riverboat	2,967	9,612	-	12,579
Rainy Day	5,574	20,000	-	25,574
Cedit Special Revenue	44,504	18,441	7,666	55,279
Major Moves Construction	-	34,123	34,123	-
Cumulative Capital Development	12,670	2,374	-	15,044
Cumulative Capital Improvement	3,867	2,206	1,631	4,442
Loit-Public Safety	5,236	7,284	-	12,520
Building	50	950	550	450
Payroll	3,421	156,915	157,321	3,015
Insurance-Other	489	25,658	25,721	426
Sanitation	5,194	28,750	28,670	5,274
Due to Sanitation	2,878	28,600	28,750	2,728
Wastewater Utility-Operating	48,120	130,948	108,110	70,958
Wastewater Util-Bond And Interest	49,982	40,548	39,155	51,375
Wastewater Utility-Debt Reserve	29,485	23,201	-	52,686
Water Utility-Operating	58,969	130,331	106,029	83,271
Water Utility-Bond And Interest	18,397	28,791	21,604	25,584
Water Utility-Customer Deposit	47,661	3,419	1,603	49,477
Totals	<u>\$ 726,179</u>	<u>\$ 1,042,952</u>	<u>\$ 849,772</u>	<u>\$ 919,359</u>

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

TOWN OF COLFAX
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 the following services: public safety (police), health and social services, culture and recreation, general administrative services, water, wastewater, and trash.

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, county economic development income 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 building and planning 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 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.

TOWN OF COLFAX
NOTES TO FINANCIAL STATEMENTS
(Continued)

Charges for services which can include, but are not limited to the following: department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, ordinance violations, and fines and fees.

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; 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.

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.

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.

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.

TOWN OF COLFAX
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF COLFAX
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 COLFAX
 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	Accident Report	Law Enforcement Continuing Ed	Riverboat	Rainy Day
Cash and investments - beginning	\$ 46,073	\$ 68,952	\$ 10,009	\$ 44	\$ -	\$ 9,672	\$ -
Receipts:							
Taxes	357,913	-	-	-	-	-	-
Intergovernmental	85,413	28,110	4,209	-	-	-	7,734
Charges for services	-	-	-	-	5	-	-
Fines and forfeits	-	-	-	-	50	-	-
Other receipts	13,394	-	-	-	108	-	-
Total receipts	<u>456,720</u>	<u>28,110</u>	<u>4,209</u>	<u>-</u>	<u>163</u>	<u>-</u>	<u>7,734</u>
Disbursements:							
Personal services	106,661	17,827	-	-	-	-	-
Supplies	5,627	733	952	-	-	-	-
Other services and charges	90,851	1,390	3,280	-	-	6,705	2,160
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	200	-	-	44	-	-	-
Total disbursements	<u>203,339</u>	<u>19,950</u>	<u>4,232</u>	<u>44</u>	<u>-</u>	<u>6,705</u>	<u>2,160</u>
Excess (deficiency) of receipts over disbursements	<u>253,381</u>	<u>8,160</u>	<u>(23)</u>	<u>(44)</u>	<u>163</u>	<u>(6,705)</u>	<u>5,574</u>
Cash and investments - ending	<u>\$ 299,454</u>	<u>\$ 77,112</u>	<u>\$ 9,986</u>	<u>\$ -</u>	<u>\$ 163</u>	<u>\$ 2,967</u>	<u>\$ 5,574</u>

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

	Police Training	Cedit Special Revenue	Major Moves Construction	Loit-Public Safety	Cumulative Capital Development	Cumulative Capital Improvement
Cash and investments - beginning	\$ 64	\$ 28,569	\$ 320	\$ -	\$ 11,904	\$ 5,157
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	2,250
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	20,950	-	5,236	4,456	-
Total receipts	-	20,950	-	5,236	4,456	2,250
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	1,432
Other services and charges	-	5,015	-	-	3,690	2,108
Utility operating expenses	-	-	-	-	-	-
Other disbursements	64	-	320	-	-	-
Total disbursements	64	5,015	320	-	3,690	3,540
Excess (deficiency) of receipts over disbursements	(64)	15,935	(320)	5,236	766	(1,290)
Cash and investments - ending	\$ -	\$ 44,504	\$ -	\$ 5,236	\$ 12,670	\$ 3,867

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

	Building	Payroll	Insurance-Other	Sanitation	Due to Sanitation	Wastewater Utility-Operating
Cash and investments - beginning	\$ -	\$ 3,181	\$ -	\$ 4,039	\$ 2,498	\$ 27,395
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	50	153,046	1,882	29,789	29,217	128,136
Total receipts	50	153,046	1,882	29,789	29,217	128,136
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	60,170
Other disbursements	-	152,806	1,393	28,633	28,837	47,241
Total disbursements	-	152,806	1,393	28,633	28,837	107,411
Excess (deficiency) of receipts over disbursements	50	240	489	1,156	380	20,725
Cash and investments - ending	\$ 50	\$ 3,421	\$ 489	\$ 5,195	\$ 2,878	\$ 48,120

TOWN OF COLFAX
 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 Utility-Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 48,264	\$ 42,189	\$ 38,820	\$ 30,103	\$ 45,969	\$ 423,222
Receipts:						
Taxes	-	-	-	-	-	357,913
Intergovernmental	-	-	-	-	-	127,716
Charges for services	-	-	-	-	-	5
Fines and forfeits	-	-	-	-	-	50
Other receipts	40,635	4,864	132,840	23,208	4,742	592,552
Total receipts	40,635	4,864	132,840	23,208	4,742	1,078,236
Disbursements:						
Personal services	-	-	-	-	-	124,488
Supplies	-	-	-	-	-	8,744
Other services and charges	-	-	-	-	-	115,199
Utility operating expenses	-	-	67,786	-	-	127,956
Other disbursements	38,917	17,568	44,905	34,914	3,050	398,892
Total disbursements	38,917	17,568	112,691	34,914	3,050	775,279
Excess (deficiency) of receipts over disbursements	1,718	(12,704)	20,149	(11,706)	1,692	302,957
Cash and investments - ending	\$ 49,982	\$ 29,485	\$ 58,969	\$ 18,397	\$ 47,661	\$ 726,179

TOWN OF COLFAX
 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	Riverboat	Rainy Day
Cash and investments - beginning	\$ 299,454	\$ 77,112	\$ 9,986	\$ 163	\$ 2,967	\$ 5,574
Receipts:						
Taxes	221,470	-	-	-	-	-
Licenses and permits	295	-	-	50	-	-
Intergovernmental	64,442	28,642	4,083	-	9,612	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	8	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	31,798	-	-	13	-	20,000
Total receipts	<u>318,005</u>	<u>28,642</u>	<u>4,083</u>	<u>71</u>	<u>9,612</u>	<u>20,000</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	4,000	-	-	-
Capital outlay	-	5,178	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	263,192	16,469	-	-	-	-
Total disbursements	<u>263,192</u>	<u>21,647</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>54,813</u>	<u>6,995</u>	<u>83</u>	<u>71</u>	<u>9,612</u>	<u>20,000</u>
Cash and investments - ending	<u>\$ 354,267</u>	<u>\$ 84,107</u>	<u>\$ 10,069</u>	<u>\$ 234</u>	<u>\$ 12,579</u>	<u>\$ 25,574</u>

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

	Cedit Special Revenue	Major Moves Construction	Cumulative Capital Development	Cumulative Capital Improvement	Loit-Public Safety	Building
Cash and investments - beginning	\$ 44,504	\$ -	\$ 12,670	\$ 3,867	\$ 5,236	\$ 50
Receipts:						
Taxes	-	-	2,374	-	-	-
Licenses and permits	-	-	-	-	-	950
Intergovernmental	18,441	-	-	2,206	7,284	-
Charges for services	-	34,123	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>18,441</u>	<u>34,123</u>	<u>2,374</u>	<u>2,206</u>	<u>7,284</u>	<u>950</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	1,866	-	-	-	-	-
Other services and charges	-	-	-	1,631	-	-
Capital outlay	5,800	34,123	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	550
Total disbursements	<u>7,666</u>	<u>34,123</u>	<u>-</u>	<u>1,631</u>	<u>-</u>	<u>550</u>
Excess (deficiency) of receipts over disbursements	<u>10,775</u>	<u>-</u>	<u>2,374</u>	<u>575</u>	<u>7,284</u>	<u>400</u>
Cash and investments - ending	<u>\$ 55,279</u>	<u>\$ -</u>	<u>\$ 15,044</u>	<u>\$ 4,442</u>	<u>\$ 12,520</u>	<u>\$ 450</u>

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

	Payroll	Insurance-Other	Sanitation	Due to Sanitation	Wastewater Utility-Operating	Wastewater Util-Bond And Interest
Cash and investments - beginning	\$ 3,421	\$ 489	\$ 5,194	\$ 2,878	\$ 48,120	\$ 49,982
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	31,920	-
Penalties	-	-	-	-	3,651	-
Other receipts	156,915	25,658	28,750	28,600	95,377	40,548
Total receipts	156,915	25,658	28,750	28,600	130,948	40,548
Disbursements:						
Personal services	157,321	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	25,721	-	-	-	-
Capital outlay	-	-	-	-	2,425	-
Utility operating expenses	-	-	-	-	42,006	-
Other disbursements	-	-	28,670	28,750	63,679	39,155
Total disbursements	157,321	25,721	28,670	28,750	108,110	39,155
Excess (deficiency) of receipts over disbursements	(406)	(63)	80	(150)	22,838	1,393
Cash and investments - ending	\$ 3,015	\$ 426	\$ 5,274	\$ 2,728	\$ 70,958	\$ 51,375

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

	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Totals
Cash and investments - beginning	\$ 29,485	\$ 58,969	\$ 18,397	\$ 47,661	\$ 726,179
Receipts:					
Taxes	-	-	-	-	223,844
Licenses and permits	-	-	-	-	1,295
Intergovernmental	-	-	-	-	134,710
Charges for services	-	-	-	-	34,123
Fines and forfeits	-	-	-	-	8
Utility fees	-	130,331	-	-	162,251
Penalties	-	-	-	-	3,651
Other receipts	23,201	-	28,791	3,419	483,070
Total receipts	<u>23,201</u>	<u>130,331</u>	<u>28,791</u>	<u>3,419</u>	<u>1,042,952</u>
Disbursements:					
Personal services	-	-	-	-	157,321
Supplies	-	-	-	-	1,866
Other services and charges	-	-	-	-	31,352
Capital outlay	-	2,425	-	-	49,951
Utility operating expenses	-	35,811	-	-	77,817
Other disbursements	-	67,793	21,604	1,603	531,465
Total disbursements	<u>-</u>	<u>106,029</u>	<u>21,604</u>	<u>1,603</u>	<u>849,772</u>
Excess (deficiency) of receipts over disbursements	<u>23,201</u>	<u>24,302</u>	<u>7,187</u>	<u>1,816</u>	<u>193,180</u>
Cash and investments - ending	<u>\$ 52,686</u>	<u>\$ 83,271</u>	<u>\$ 25,584</u>	<u>\$ 49,477</u>	<u>\$ 919,359</u>

TOWN OF COLFAX
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:			
Notes and loans payable	Street Repairs	\$ 25,877	\$ 16,491
Total governmental activities		<u>25,877</u>	<u>16,491</u>
Wastewater:			
Revenue bonds	2008-1 Wastewater Treatment Project	173,000	13,768
Revenue bonds	2008-2 Refunding Bond	<u>283,000</u>	<u>25,584</u>
Total Wastewater		<u>456,000</u>	<u>39,352</u>
Totals		<u>\$ 507,754</u>	<u>\$ 72,335</u>

TOWN OF COLFAX
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The annual report for 2010 was not submitted to the State Board of Accounts within 60 days after the end of the prior year.

Annual reports for 2010 and 2011 were presented for examination, but were not completely reflective of the record transactions of the Water, Wastewater, and Sanitation funds.

Indiana Code 5-11-1-4 states in part:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year."

CERTIFIED REPORT NOT FILED

The town did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) timely with the State Board of Accounts for the years 2010 and 2011.

Prior to its amendment, effective March 19, 2012, Indiana Code 5-11-13-1 stated in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
Cumulative Capital Improvement	2010	\$ 1,908.33

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."

TOWN OF COLFAX
EXAMINATION RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The following prescribed or approved form was not always in use:

211 Capital Assets Ledger

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)

ACCOUNTS RECEIVABLE

The Accounts Receivable - Control at December 31, 2011, was not provided for examination. Therefore, the accounts receivable detail could not be verified to the accounts receivable control. The detail and control provided at December 31, 2010, was in agreement.

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

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$52.27 were paid to the Indiana Department of Revenue on December 20, 2011, for the period ending September 30, 2011.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

GUN PERMITS

During the testing of gun permits for 2010 and 2011, it was noted that ten gun permits had been issued for the Town of Colfax; however, only one receipt was noted during those two years. The Town Marshal indicated that he did not collect the local fee for the gun permits and hasn't for a few years. Additional testing was performed dating from 2006 through 2009. Only two more receipts for gun permits were receipted into the Town's records out of the 29 gun permit applications noted. In total, from 2006-2011, \$1,610 should have been collected and receipted for gun permits, but only \$140 was actually found to have been receipted. A total of \$1,470 is due to the Town.

TOWN OF COLFAX
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 35-47-2-3(a) states in part: "A person desiring a license to carry a handgun shall apply: (1) to the chief of police or corresponding law enforcement officer of the municipality in which the applicant resides;"

Indiana Code 35-47-2-3(b) states in part:

"The law enforcement agency which accepts an application for a handgun license shall collect the following application fees:

- (1) From a person applying for a four (4) year handgun license, a ten dollar (\$10) application fee, five dollars (\$5) of which shall be refunded if the license is not issued.
- (2) From a person applying for a lifetime handgun license who does not currently possess a valid Indiana handgun license, a fifty dollar (\$50) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued.
- (3) From a person applying for a lifetime handgun license who currently possesses a valid Indiana handgun license, a forty dollar (\$40) application fee, thirty dollars (\$30) of which shall be refunded if the license is not issued.

Except as provided in subsection (h), the fee shall be deposited into the law enforcement agency's firearms training fund or other appropriate training activities fund and used by the agency to train law enforcement officers in the proper use of firearms or in other law enforcement duties, or to purchase firearms, firearm related equipment, or body armor (as defined in Indiana Code 35-47-5-13(a)) for the law enforcement officers employed by the law enforcement agency. The state board of accounts shall establish rules for the proper accounting and expenditure of funds collected under this subsection.

The Town Marshal, Duane Lewellen, was requested to reimburse the Town \$1,470. (See Summary of Charges, page 29)

ORDINANCES AND RESOLUTIONS - HYDRANT RENTAL

The Water Utility has an ordinance concerning the billing of hydrant rental. However, the Water Utility did not charge the Town the stated rate per hydrant. The annual amount established by ordinance was \$21,186.55 (55 hydrants times \$385.21 per hydrant).

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)

BANK ACCOUNT RECONCILIATIONS - UTILITIES

A comparison of the records to the bank account for the Utilities indicated cash necessary to balance in the amount of \$1,013.93 at December 31, 2010 and 2011.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TOWN OF COLFAX
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the general ledger. At December 31, 2011, the detail of customer deposit register shows \$6,480.02 more than the control for the Water Utility.

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

UTILITY RECEIPTS TAX

The Water Utility did not pay Utility Receipts Tax to the Indiana Department of Revenue during the examination period.

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

TOWN OF COLFAX
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2012, with Duanne Lewellen, Town Marshal. The Official Response has been made a part of this report and may be found on page 28.

The contents of this report were discussed on October 3, 2012, with Betty Snell, Clerk-Treasurer, and Jesse L. Hollis, President of the Town Council. The officials concurred with our findings.

**Colfax Police Department
210 West Main Street
P.O. Box 323
Colfax, IN 46035
765-324-2777**



October 23, 2012

OFFICIAL RESPONSE

This letter is in response to the findings of the Town of Colfax Indiana's recent audit performed by your office in regards to the Police Department audit.

At the time of this letter the town council and town attorney are investigating the matter further. There is a special meeting set for Thursday October 25 2012 at 6pm to discuss the matter further.

Sincerely,

Duane E Lewellen
Marshal

TOWN OF COLFAX
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Duane Lewellen, Town Marshal: Gun Permits, pages 24 and 25	\$ <u>1,470</u>	\$ <u>-</u>	\$ <u>1,470</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT

STATE OF INDIANA)
Clinton)
COUNTY)

I, April Boone, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Colfax, Clinton County, Indiana, for the period from January 1, 2010 to December 31, 2011, is true and correct to the best of my knowledge and belief.

April Boone
Field Examiner

Subscribed and sworn to before me this 30 day of October, 2012.

Kristin McCarty
Notary Public

My Commission Expires: May 6, 2018

County of Residence: Madison

