

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF REMINGTON
JASPER COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
09/24/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kay Brown	01-01-08 to 12-31-15
President of the Town Council	Brian Melchi	01-01-11 to 12-31-13
Superintendent of Water Utility	Mark Jones	01-01-11 to 12-31-13
Superintendent of Wastewater Utility	Bruce Messersmith Jeffery Byrd	01-01-11 to 10-02-11 10-03-11 to 12-31-13
Town Manager	John Ward Jonathan Cripe	01-01-11 to 10-02-11 10-03-11 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF REMINGTON, JASPER COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Remington (Town), which comprises the financial position and results of operations for the period of January 1, 2011 to December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 11, 2013, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Receivables, 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 statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman
State Examiner

September 11, 2013



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF REMINGTON, JASPER COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Town of Remington (Town), which comprises the financial position and results of operations for the period of January 1, 2011 to December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated September 11, 2013, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Remington's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

September 11, 2013

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

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TOWN OF REMINGTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11			Cash and Investments 12-31-11			Cash and Investments 12-31-12		
	Receipts	Disbursements		Receipts	Disbursements		Receipts	Disbursements	
General	\$ 289,612	\$ 394,414	\$ 374,952	\$ 309,074	\$ 437,162	\$ 433,224	\$ 313,012		
Motor Vehicle Highway	54,287	129,964	103,722	80,529	128,227	118,098	90,658		
Local Road And Street	11,473	6,501	13,145	4,829	6,269	7,780	3,318		
Law Enforcement Continuing Ed	1,492	305	505	1,292	555	553	1,294		
Riverboat	30,496	8,279	18,032	20,743	7,020	4,860	22,903		
Park Operating	64,400	71,305	80,160	55,545	81,660	70,025	67,180		
Rainy Day	127,589	-	44,234	83,355	-	2,780	80,575		
Levy Excess	878	-	878	-	-	-	-		
Cumulative Capl Imprv Cigarette Tax	19,725	3,799	1,875	21,649	3,143	5,881	18,911		
Cumulative Capital Development	35,385	14,382	15,190	34,577	15,235	11,077	38,735		
Redevelopment District Capital	246,450	-	-	246,450	-	-	246,450		
CEDIT Capital Projects	149,848	41,478	55,137	136,189	47,521	84,533	99,177		
Tax Increment Financing	1,355,762	277,541	607,181	1,026,122	459,973	220,037	1,266,058		
Town Donation	-	3,750	3,450	300	-	-	300		
Jasper Foundation Pass Through Fund	-	28,056	27,888	168	5,529	5,697	-		
Housing Grant Fund	-	135,886	135,886	-	48,430	36,594	11,836		
Redevelopment District Capital Interest	-	3,672	-	3,672	1,246	-	4,918		
Downtown Planning Grant	-	-	-	-	48,600	48,600	-		
Park Planning grant	-	-	-	-	17,820	17,820	-		
Flood Buy-Back Grant Fund	-	-	-	-	200,850	200,850	-		
Police Seizure Fund	-	-	-	-	151,483	122,601	28,882		
Cemetery Operating	82,690	3,827	17,943	68,574	6,457	8,812	66,219		
Fire Station Grant	118,972	281,495	400,467	-	-	-	-		
Park Donation	8,420	143	-	8,563	391	-	8,954		
Public Safety	42,151	42,272	46,355	38,068	47,247	43,027	42,288		
Payroll	7,263	542,474	542,905	6,832	586,068	589,381	3,519		
Wastewater Grant Fund	-	355,727	355,727	-	597,373	597,373	-		
Wastewater Retainage Fund	-	34,948	-	34,948	47,362	63,620	18,690		
Wastewater Utility Operating	79,418	679,678	667,796	91,300	657,514	678,424	70,390		
Wastewater Util-Bond And Interest	227,640	278,894	274,830	231,704	278,728	274,591	235,841		
Wastewater Utility Deprec/Improve	17,310	11,520	5,855	22,975	12,690	-	35,665		
Wastewater Utility Other #1	28,098	3,039	-	31,137	3,057	-	34,194		
Wastewater Utility Debt Reserve	283,617	-	-	283,617	-	-	283,617		
Water Utility Operating	193,819	389,217	364,155	218,881	473,130	507,139	184,872		
Water Utility Bond And Interest	62	105,405	105,415	52	105,660	105,700	12		
Water Utility Depreciation/ Improve	14,319	4,696	-	19,015	5,118	-	24,133		
Water Utility Customer Deposit	22,201	4,317	3,930	22,588	6,424	5,035	23,977		
Water Utility Construction	170,184	-	11,772	158,412	-	14,547	143,865		
Water Utility Debt Reserve	107,002	7,682	-	114,684	453	-	115,137		
Totals	\$ 3,790,563	\$ 3,864,666	\$ 4,279,385	\$ 3,375,844	\$ 4,488,395	\$ 4,278,659	\$ 3,585,580		

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

TOWN OF REMINGTON
NOTES TO FINANCIAL STATEMENT

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 statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the 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 REMINGTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

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 statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies 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 REMINGTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Interfund Transfers

The 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 REMINGTON
NOTES TO FINANCIAL STATEMENT
(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 statement. 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 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF REMINGTON
 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	Park Operating	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 289,612	\$ 54,287	\$ 11,473	\$ 1,492	\$ 30,496	\$ 64,400	\$ 127,589	\$ 878
Receipts:								
Taxes	110,674	81,240	-	-	-	53,527	-	-
Licenses and permits	3,423	-	-	200	-	-	-	-
Intergovernmental	190,250	48,724	6,501	-	8,279	9,078	-	-
Charges for services	52,637	-	-	105	-	1,105	-	-
Fines and forfeits	12,103	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	25,327	-	-	-	-	7,595	-	-
Total receipts	<u>394,414</u>	<u>129,964</u>	<u>6,501</u>	<u>305</u>	<u>8,279</u>	<u>71,305</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	153,416	50,872	-	-	-	45,385	-	-
Supplies	19,097	8,011	-	505	-	9,809	-	-
Other services and charges	177,379	25,195	-	-	-	9,760	-	-
Capital outlay	24,682	19,644	13,145	-	18,032	15,206	44,234	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	378	-	-	-	-	-	-	878
Total disbursements	<u>374,952</u>	<u>103,722</u>	<u>13,145</u>	<u>505</u>	<u>18,032</u>	<u>80,160</u>	<u>44,234</u>	<u>878</u>
Excess (deficiency) of receipts over disbursements	<u>19,462</u>	<u>26,242</u>	<u>(6,644)</u>	<u>(200)</u>	<u>(9,753)</u>	<u>(8,855)</u>	<u>(44,234)</u>	<u>(878)</u>
Cash and investments - ending	<u>\$ 309,074</u>	<u>\$ 80,529</u>	<u>\$ 4,829</u>	<u>\$ 1,292</u>	<u>\$ 20,743</u>	<u>\$ 55,545</u>	<u>\$ 83,355</u>	<u>\$ -</u>

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

	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Redevelopment District Capital	CEDIT Capital Projects	Tax Increment Financing	Town Donation	Jasper Foundation Pass Through Fund	Housing Grant Fund
Cash and investments - beginning	\$ 19,725	\$ 35,385	\$ 246,450	\$ 149,848	\$ 1,355,762	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	12,297	-	-	255,347	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	3,799	2,085	-	41,478	-	-	-	135,886
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	22,194	3,750	28,056	-
Total receipts	<u>3,799</u>	<u>14,382</u>	<u>-</u>	<u>41,478</u>	<u>277,541</u>	<u>3,750</u>	<u>28,056</u>	<u>135,886</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	375	-	-	10,000	-	-	-	-
Capital outlay	1,500	15,190	-	35,912	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	9,225	607,181	3,450	27,888	135,886
Total disbursements	<u>1,875</u>	<u>15,190</u>	<u>-</u>	<u>55,137</u>	<u>607,181</u>	<u>3,450</u>	<u>27,888</u>	<u>135,886</u>
Excess (deficiency) of receipts over disbursements	<u>1,924</u>	<u>(808)</u>	<u>-</u>	<u>(13,659)</u>	<u>(329,640)</u>	<u>300</u>	<u>168</u>	<u>-</u>
Cash and investments - ending	<u>\$ 21,649</u>	<u>\$ 34,577</u>	<u>\$ 246,450</u>	<u>\$ 136,189</u>	<u>\$ 1,026,122</u>	<u>\$ 300</u>	<u>\$ 168</u>	<u>\$ -</u>

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

	Redevelopment District Capital Interest	Downtown Planning Grant	Park Planning grant	Flood Buy-Back Grant Fund	Police Seizure Fund	Cemetery Operating	Fire Station Grant	Park Donation
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,690	\$ 118,972	\$ 8,420
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	3,025	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	3,672	-	-	-	-	802	281,495	143
Total receipts	<u>3,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,827</u>	<u>281,495</u>	<u>143</u>
Disbursements:								
Personal services	-	-	-	-	-	356	-	-
Supplies	-	-	-	-	-	35	-	-
Other services and charges	-	-	-	-	-	14,646	-	-
Capital outlay	-	-	-	-	-	2,406	400,467	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	500	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,943</u>	<u>400,467</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,116)</u>	<u>(118,972)</u>	<u>143</u>
Cash and investments - ending	<u>\$ 3,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,574</u>	<u>\$ -</u>	<u>\$ 8,563</u>

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

	Public Safety	Payroll	Wastewater Grant Fund	Wastewater Retainage Fund	Wastewater Utility Operating	Wastewater Util-Bond And Interest	Wastewater Utility Deprec/Improve	Wastewater Utility Other #1
Cash and investments - beginning	\$ 42,151	\$ 7,263	\$ -	\$ -	\$ 79,418	\$ 227,640	\$ 17,310	\$ 28,098
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	39,272	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	584,000	-	-	-
Penalties	-	-	-	-	8,599	-	-	-
Other receipts	3,000	542,474	355,727	34,948	87,079	278,894	11,520	3,039
Total receipts	<u>42,272</u>	<u>542,474</u>	<u>355,727</u>	<u>34,948</u>	<u>679,678</u>	<u>278,894</u>	<u>11,520</u>	<u>3,039</u>
Disbursements:								
Personal services	22,160	-	-	-	-	-	-	-
Supplies	6,795	-	-	-	-	-	-	-
Other services and charges	11,468	-	-	-	-	-	-	-
Capital outlay	5,932	-	320,779	-	-	-	-	-
Utility operating expenses	-	-	-	-	374,344	-	5,855	-
Other disbursements	-	542,905	34,948	-	293,452	274,830	-	-
Total disbursements	<u>46,355</u>	<u>542,905</u>	<u>355,727</u>	<u>-</u>	<u>667,796</u>	<u>274,830</u>	<u>5,855</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4,083)</u>	<u>(431)</u>	<u>-</u>	<u>34,948</u>	<u>11,882</u>	<u>4,064</u>	<u>5,665</u>	<u>3,039</u>
Cash and investments - ending	<u>\$ 38,068</u>	<u>\$ 6,832</u>	<u>\$ -</u>	<u>\$ 34,948</u>	<u>\$ 91,300</u>	<u>\$ 231,704</u>	<u>\$ 22,975</u>	<u>\$ 31,137</u>

TOWN OF REMINGTON
 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 Depreciation/ Improve	Water Utility Customer Deposit	Water Utility Construction	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 283,617	\$ 193,819	\$ 62	\$ 14,319	\$ 22,201	\$ 170,184	\$ 107,002	\$ 3,790,563
Receipts:								
Taxes	-	-	-	-	-	-	-	513,085
Licenses and permits	-	-	-	-	-	-	-	3,623
Intergovernmental	-	-	-	-	-	-	-	485,352
Charges for services	-	-	-	-	-	-	-	56,872
Fines and forfeits	-	-	-	-	-	-	-	12,103
Utility fees	-	387,392	-	-	4,280	-	-	975,672
Penalties	-	1,623	-	-	-	-	-	10,222
Other receipts	-	202	105,405	4,696	37	-	7,682	1,807,737
Total receipts	-	389,217	105,405	4,696	4,317	-	7,682	3,864,666
Disbursements:								
Personal services	-	-	-	-	-	-	-	272,189
Supplies	-	-	-	-	-	-	-	44,252
Other services and charges	-	-	-	-	-	-	-	248,823
Capital outlay	-	-	-	-	-	11,772	-	928,901
Utility operating expenses	-	229,553	-	-	-	-	-	609,752
Other disbursements	-	134,602	105,415	-	3,930	-	-	2,175,468
Total disbursements	-	364,155	105,415	-	3,930	11,772	-	4,279,385
Excess (deficiency) of receipts over disbursements	-	25,062	(10)	4,696	387	(11,772)	7,682	(414,719)
Cash and investments - ending	\$ 283,617	\$ 218,881	\$ 52	\$ 19,015	\$ 22,588	\$ 158,412	\$ 114,684	\$ 3,375,844

TOWN OF REMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Riverboat	Park Operating	Rainy Day	Levy Excess
Cash and investments - beginning	\$ 309,074	\$ 80,529	\$ 4,829	\$ 1,292	\$ 20,743	\$ 55,545	\$ 83,355	\$ -
Receipts:								
Taxes	136,029	83,895	-	-	-	69,432	-	-
Licenses and permits	5,186	-	-	450	-	-	-	-
Intergovernmental	224,090	44,332	6,269	-	7,020	10,163	-	-
Charges for services	55,358	-	-	105	-	565	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	16,499	-	-	-	-	1,500	-	-
Total receipts	<u>437,162</u>	<u>128,227</u>	<u>6,269</u>	<u>555</u>	<u>7,020</u>	<u>81,660</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	185,727	53,168	-	-	-	49,243	-	-
Supplies	19,474	10,397	-	553	-	7,142	-	-
Other services and charges	202,000	26,818	-	-	-	8,587	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	25,402	27,715	7,780	-	4,860	5,053	2,780	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	621	-	-	-	-	-	-	-
Total disbursements	<u>433,224</u>	<u>118,098</u>	<u>7,780</u>	<u>553</u>	<u>4,860</u>	<u>70,025</u>	<u>2,780</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,938</u>	<u>10,129</u>	<u>(1,511)</u>	<u>2</u>	<u>2,160</u>	<u>11,635</u>	<u>(2,780)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 313,012</u>	<u>\$ 90,658</u>	<u>\$ 3,318</u>	<u>\$ 1,294</u>	<u>\$ 22,903</u>	<u>\$ 67,180</u>	<u>\$ 80,575</u>	<u>\$ -</u>

TOWN OF REMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Redevelopment District Capital	CEDIT Capital Projects	Tax Increment Financing	Town Donation	Jasper Foundation Pass Through Fund	Housing Grant Fund
Cash and investments - beginning	\$ 21,649	\$ 34,577	\$ 246,450	\$ 136,189	\$ 1,026,122	\$ 300	\$ 168	\$ -
Receipts:								
Taxes	-	13,290	-	-	459,973	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	3,143	1,945	-	47,481	-	-	-	48,430
Charges for services	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	-	-	40	-	-	5,529	-
Total receipts	<u>3,143</u>	<u>15,235</u>	<u>-</u>	<u>47,521</u>	<u>459,973</u>	<u>-</u>	<u>5,529</u>	<u>48,430</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	335	-	-	10,000	-	-	-	-
Debt service - principal and interest	-	-	-	-	159,297	-	-	-
Capital outlay	5,546	11,077	-	74,533	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	60,740	-	5,697	36,594
Total disbursements	<u>5,881</u>	<u>11,077</u>	<u>-</u>	<u>84,533</u>	<u>220,037</u>	<u>-</u>	<u>5,697</u>	<u>36,594</u>
Excess (deficiency) of receipts over disbursements	<u>(2,738)</u>	<u>4,158</u>	<u>-</u>	<u>(37,012)</u>	<u>239,936</u>	<u>-</u>	<u>(168)</u>	<u>11,836</u>
Cash and investments - ending	<u>\$ 18,911</u>	<u>\$ 38,735</u>	<u>\$ 246,450</u>	<u>\$ 99,177</u>	<u>\$ 1,266,058</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 11,836</u>

TOWN OF REMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Redevelopment District Capital Interest	Downtown Planning Grant	Park Planning grant	Flood Buy-Back Grant Fund	Police Seizure Fund	Cemetery Operating	Fire Station Grant	Park Donation
Cash and investments - beginning	\$ 3,672	\$ -	\$ -	\$ -	\$ -	\$ 68,574	\$ -	\$ 8,563
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	48,600	17,820	200,850	-	-	-	-
Charges for services	-	-	-	-	-	6,250	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	1,246	-	-	-	151,483	207	-	391
Total receipts	<u>1,246</u>	<u>48,600</u>	<u>17,820</u>	<u>200,850</u>	<u>151,483</u>	<u>6,457</u>	<u>-</u>	<u>391</u>
Disbursements:								
Personal services	-	-	-	-	-	400	-	-
Supplies	-	-	-	-	-	89	-	-
Other services and charges	-	-	-	-	-	8,323	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	48,600	17,820	200,850	122,601	-	-	-
Total disbursements	<u>-</u>	<u>48,600</u>	<u>17,820</u>	<u>200,850</u>	<u>122,601</u>	<u>8,812</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,882</u>	<u>(2,355)</u>	<u>-</u>	<u>391</u>
Cash and investments - ending	<u>\$ 4,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,882</u>	<u>\$ 66,219</u>	<u>\$ -</u>	<u>\$ 8,954</u>

TOWN OF REMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Public Safety	Payroll	Wastewater Grant Fund	Wastewater Retainage Fund	Wastewater Utility Operating	Wastewater Util-Bond And Interest	Wastewater Utility Deprec/Improve	Wastewater Utility Other #1
Cash and investments - beginning	\$ 38,068	\$ 6,832	\$ -	\$ 34,948	\$ 91,300	\$ 231,704	\$ 22,975	\$ 31,137
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	47,247	-	597,373	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	627,514	-	-	-
Penalties	-	-	-	-	9,423	-	-	-
Other receipts	-	586,068	-	47,362	20,577	278,728	12,690	3,057
Total receipts	<u>47,247</u>	<u>586,068</u>	<u>597,373</u>	<u>47,362</u>	<u>657,514</u>	<u>278,728</u>	<u>12,690</u>	<u>3,057</u>
Disbursements:								
Personal services	22,107	-	-	-	-	-	-	-
Supplies	4,622	-	-	-	-	-	-	-
Other services and charges	14,466	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	1,832	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	383,949	-	-	-
Other disbursements	-	589,381	597,373	63,620	294,475	274,591	-	-
Total disbursements	<u>43,027</u>	<u>589,381</u>	<u>597,373</u>	<u>63,620</u>	<u>678,424</u>	<u>274,591</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,220</u>	<u>(3,313)</u>	<u>-</u>	<u>(16,258)</u>	<u>(20,910)</u>	<u>4,137</u>	<u>12,690</u>	<u>3,057</u>
Cash and investments - ending	<u>\$ 42,288</u>	<u>\$ 3,519</u>	<u>\$ -</u>	<u>\$ 18,690</u>	<u>\$ 70,390</u>	<u>\$ 235,841</u>	<u>\$ 35,665</u>	<u>\$ 34,194</u>

TOWN OF REMINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Wastewater Utility Debt Reserve	Water Utility Operating	Water Utility Bond And Interest	Water Utility Depreciation/ Improve	Water Utility Customer Deposit	Water Utility Construction	Water Utility Debt Reserve	Totals
Cash and investments - beginning	\$ 283,617	\$ 218,881	\$ 52	\$ 19,015	\$ 22,588	\$ 158,412	\$ 114,684	\$ 3,375,844
Receipts:								
Taxes	-	-	-	-	-	-	-	762,619
Licenses and permits	-	-	-	-	-	-	-	5,636
Intergovernmental	-	-	-	-	-	-	-	1,304,763
Charges for services	-	-	-	-	-	-	-	62,278
Utility fees	-	401,539	-	-	6,340	-	-	1,035,393
Penalties	-	1,327	-	-	-	-	-	10,750
Other receipts	-	70,264	105,660	5,118	84	-	453	1,306,956
Total receipts	<u>-</u>	<u>473,130</u>	<u>105,660</u>	<u>5,118</u>	<u>6,424</u>	<u>-</u>	<u>453</u>	<u>4,488,395</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	310,645
Supplies	-	-	-	-	-	-	-	42,277
Other services and charges	-	-	-	-	-	-	-	270,529
Debt service - principal and interest	-	-	-	-	-	-	-	159,297
Capital outlay	-	-	-	-	-	14,547	-	181,125
Utility operating expenses	-	378,330	-	-	-	-	-	762,279
Other disbursements	-	128,809	105,700	-	5,035	-	-	2,552,507
Total disbursements	<u>-</u>	<u>507,139</u>	<u>105,700</u>	<u>-</u>	<u>5,035</u>	<u>14,547</u>	<u>-</u>	<u>4,278,659</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(34,009)</u>	<u>(40)</u>	<u>5,118</u>	<u>1,389</u>	<u>(14,547)</u>	<u>453</u>	<u>209,736</u>
Cash and investments - ending	<u>\$ 283,617</u>	<u>\$ 184,872</u>	<u>\$ 12</u>	<u>\$ 24,133</u>	<u>\$ 23,977</u>	<u>\$ 143,865</u>	<u>\$ 115,137</u>	<u>\$ 3,585,580</u>

TOWN OF REMINGTON
SCHEDULE OF RECEIVABLES
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Receivable</u>
Governmental Activities	\$ 823
Wastewater	7,450
Water	<u>985</u>
Totals	<u>\$ 9,258</u>

TOWN OF REMINGTON
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Bank of Wolcott	Purchase of New Backhoe	\$ 13,941	08-27-13	08-27-17
Leasing Specialists LLC	New Police squad	5,207	04-15-11	04-15-13
TCF Equipment Services	Purchase of Woodchipper & Leaf Vac System	<u>15,401</u>	04-15-10	04-15-14
Total governmental activities		<u>34,549</u>		
Total of annual lease payments		<u>\$ 34,549</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	TIF Revenue Bonds - Water/Sewer Line Extensions & New Water Tower	\$ 2,430,000	\$ 182,124
Wastewater:			
Revenue bonds	Upgraded Wastewater Treatment Plant	350,000	97,438
Revenue bonds	Upgraded Wastewater Treatment Plant	<u>1,767,000</u>	<u>176,968</u>
Total Wastewater		<u>2,117,000</u>	<u>274,406</u>
Water:			
Revenue bonds	Installed New Wells	400,000	90,185
Revenue bonds	Replace Old Water Mains	<u>265,000</u>	<u>6,095</u>
Total Water		<u>665,000</u>	<u>96,280</u>
Totals		<u>\$ 5,212,000</u>	<u>\$ 552,810</u>

TOWN OF REMINGTON
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town of Remington related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. **Lack of Segregation of Duties:** Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF REMINGTON
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE TOWN OF REMINGTON, JASPER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Town of Remington's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of January 1, 2011 to December 31, 2012. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Town's major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of January 1, 2011 to December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the type of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-3 to be material weaknesses.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.
September 11, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

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TOWN OF REMINGTON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended December 31, 2011 and 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-11	Total Federal Awards Expended 12-31-12
<u>Department of Housing and Urban Development</u>					
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii					
Wastewater Grant	Indiana Office of Community and Rural Affairs	14.228	DR2-09-167	\$ 355,727	\$ 597,373
Fire Station Grant	Indiana Office of Community and Rural Affairs	14.228	DR2-09-045	281,495	-
Housing Grant	Indiana Housing and Community Development Authority	14.228	DR1OR-009-015	135,886	36,594
Park Planning Grant	Indiana Office of Community and Rural Affairs	14.228	PL-06-103	-	17,820
Downtown Revitalization Planning Grant	Indiana Office of Community and Rural Affairs	14.228	PL-11-010	-	48,600
Total - CDBG - State-Administered CDBG Cluster				<u>773,108</u>	<u>700,387</u>
<u>Department of Justice</u>					
Equitable Sharing Program	Direct	16.922	11-DEA554286	-	122,601
<u>Department of Homeland Security</u>					
Hazard Mitigation Grant					
Flood Buy-Back Grant	Indiana Department of Homeland Security	97.039	C44P-1-396A	-	200,850
Total federal awards expended				<u>\$ 773,108</u>	<u>\$ 1,023,838</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF REMINGTON
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Remington and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF REMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

_____ Name of Federal Program or Cluster _____
CDBG – State-Administered CDBG Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town of Remington related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

TOWN OF REMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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***FINDING 2012-2 - INTERNAL CONTROL OVER THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The Town did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF REMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-3 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CDBG - STATE-ADMINISTERED CDBG CLUSTER

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's
Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year: DR2-09-167, DR2-09-045, DR10R-009-015,
PL-06-103, PL-11-010 2011 and 2012
Pass-Through Entities: Indiana Office of Community and Rural Affairs,
Indiana Housing and Community Development Authority

Management of the Town of Remington has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; matching, level of effort, earmarking; period of availability; procurement and suspension and debarment; reporting; and special tests and provisions. The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

TOWN OF REMINGTON

24 S. Indiana Street
P.O. Box 70
Remington, Indiana 47977
PHONE: (219) 261-2523
FAX: (219) 261-2824

September 10, 2013

Town of Remington's Response to Schedule of Findings

Section II – Financial Statement Findings

Finding 2012-1 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

In January of 2013 the Utility Office was separated from the Clerk-Treasurer position. The Utility Office has a limited staff which consists of one full-time Utility Office Manager who now acts under the guidance of the Remington Town Council and the Town Manager. There also is one part-time person who works as clerical and helps out in the utility office. The Clerk-Treasurer position is a stand-alone position with no staff.

1. Lack of Segregation of Duties- -Management understands that complying with the segregation of duties is nearly impossible with such a small office staff. A plan could be put in place for the current office staff to cross-check duties performed by one and reviewed by another with initialing that the work has been checked.
2. Preparing of Financial Statements- -The Clerk-Treasurer will meet with the Town Manager prior to presentation of the Financial Statements to the Town Council. The Town Manager will review the statements for any discrepancy.
3. The Clerk-Treasurer will present the Town Council with the monthly Financial Statement for their review and upon approval the Town Council President and the Clerk-Treasurer will sign the statement acknowledging it's correctness.

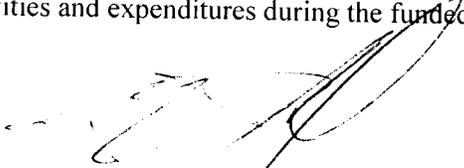
Finding 2012-2 INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Town of Remington is now aware that it should be monitoring what its grant administrators are doing in regards to record keeping for the Town. The Town Council and/or the Town Manager will make every effort to schedule a meeting with the grant administrators to go over the control and compliance issues to ensure proper reporting of all federal awards.

Section III – Federal Award Findings and Questioned Costs

Finding 2012-3 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CDBG – STATE-ADMINISTERED CDBG CLUSTER

The Town of Remington will review federal compliance requirements in relation to federal awards, and further work with the Town's grant administrator to put compliance and control mechanisms in place. The Town will attempt to assign specific responsibilities for funded projects to the Clerk-Treasurer, the Town Manager, and each individual Town Council member. Special monthly meetings will be held to monitor activities and expenditures during the funded project period.



Brian Melchi
Council President
Town of Remington



Kay Brown
Clerk-Treasurer
Town of Remington

TOWN OF REMINGTON
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2013, with Brian Melchi, President of the Town Council; Kay Brown, Clerk-Treasurer; and Jonathan Cripe, Town Manager. The officials concurred with our audit findings.