

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF FORTVILLE  
HANCOCK COUNTY, INDIANA

January 1, 2011 to December 31, 2012



**FILED**  
09/26/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Boyd Mitchell Marcie Stafford	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Ron Stafford William Hiday	01-01-11 to 08-06-12 08-06-12 to 12-31-13
Superintendent of Utilities	Joe Renner	01-01-11 to 12-31-13
Town Manager	Joe Renner	01-01-11 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FORTVILLE, HANCOCK COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Town of Fortville (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. The basis of accounting noted above is a different basis than that used in the prior period.

***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 August 7, 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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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.

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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial 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.

*Other Information*

The Town's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.



Bruce Hartman  
State Examiner

August 7, 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 FORTVILLE, HANCOCK 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 Fortville (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 August 7, 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.

***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

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)

was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2.

***Town of Fortville's Response to Findings***

The Town's response to the findings identified in our audit is described in the accompanying Official Response and 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

August 7, 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.

TOWN OF FORTVILLE  
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	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund	\$ 185,273	\$ 1,244,642	\$ 1,322,866	\$ 107,049	\$ 1,263,873	\$ 1,365,036	\$ 5,886
Motor Vehicle Highway	339,340	304,464	293,532	350,272	298,883	494,166	154,989
Local Road & Street	236,181	39,652	-	275,833	40,839	46,250	270,422
Police Continuing Education	3,860	17,281	12,129	9,012	6,175	3,692	11,495
Park Fund Operating	142,928	216,752	164,352	195,328	96,114	170,048	121,394
Rainy Day Fund	111,893	-	-	111,893	-	-	111,893
Police/K-9 Donation	250	-	-	250	-	76	174
CEDIT/Econ Dev Income Tax	65,904	-	-	65,904	-	65,904	-
Police Drug Forfeiture	6,344	7,220	8,206	5,358	3	-	5,361
Levy Excess Fund	2,633	-	2,633	-	-	-	-
TIF Bond & Interest	115,473	-	77,933	37,540	61,096	85,431	13,205
Cum Cap Imp - Cig Tax	111,255	9,890	1,535	119,610	10,421	25,295	104,736
Cum Cap Development	58,286	16,265	-	74,551	12,002	43,237	43,316
Park Donation/ Bower	28,693	-	-	28,693	-	-	28,693
Riverboat Sharing	99,755	21,553	-	121,308	23,275	49,309	95,274
Local Option Income Tax	-	87,756	-	87,756	170,713	56,490	201,979
RDC Operating- TIF	72,560	134,207	-	206,767	122,693	1,341	328,119
Health Insurance Refund	-	-	-	-	46,665	-	46,665
Park/ Estate/ Postrack	50,000	8,859	4,750	54,109	-	-	54,109
Police- Shop With a Cop	-	-	-	-	5,788	5,788	-
Police- Insurance Pay/Rev	-	-	-	-	7,647	7,647	-
Police Specified Donation	10,135	12,653	5,570	17,218	-	9,637	7,581
Certified Shares Spec WTR	62,077	-	-	62,077	-	62,077	-
Operation Pull Over	-	5,731	6,352	(621)	9,626	9,005	-
OCRA Grant- Kenna- WWTP	-	-	-	-	310,054	310,054	-
Bond- General	24,074	71,978	74,873	21,179	67,755	84,129	4,805
Bond- General Construction	1,394	-	-	1,394	-	-	1,394

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

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

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Bonar Grant	-	-	10,910	(10,910)	10,910	-	-
ARRA- Energy Grant	-	386,120	386,120	-	-	-	-
Planning Grant	-	50,000	50,000	-	-	-	-
Online Utility Holding	-	-	-	-	50	-	50
Payroll	18,705	1,504,062	1,517,996	4,771	1,186,707	1,184,358	7,120
Storm Sewer Operating	44,189	275,333	206,578	112,944	279,542	32,181	360,305
Sewer Operating	141,562	837,583	800,461	178,684	1,097,752	985,807	290,629
Sewer Customer Deposits	45,537	18,800	16,625	47,712	22,300	14,450	55,562
Sewer Bond & Interest	351,289	433,476	686,356	98,409	-	43,821	54,588
Sewer DSR BNY	483,471	413	-	483,884	5,521	-	489,405
Sewer Bond & Interest BNY	-	245,272	-	245,272	450,006	449,867	245,411
Sewer 2004B BNY	-	124,470	124,470	-	-	-	-
Sewer 2012 BNY	-	-	-	-	1,552,310	1,552,310	-
Water Operating	76,619	683,925	552,938	207,606	701,028	573,169	335,465
Water Customer Deposits	20,649	5,157	10,251	15,555	7,884	4,188	19,251
Water Bond & Interest	124,250	120,000	130,625	113,625	144,250	134,625	123,250
Water Bond & Interest BNY	48,107	62,328	51,286	59,149	61,798	29,418	91,529
Water DSR BNY	143,728	6,510	-	150,238	7,101	-	157,339
Water BNY	-	462,215	462,215	-	211,116	211,116	-
ARRA- Water BNY	-	-	-	-	2,940	2,940	-
Phoenix Fabricators & Erectors Escrow	58,363	63	55,975	2,451	1	2,452	-
Campbell's Excavating Escrow	6,007	7	-	6,014	4	-	6,018
MK Betts Engineering Escrow	-	-	-	-	117,148	68	117,080
<b>Totals</b>	<b>\$ 3,290,784</b>	<b>\$ 7,414,637</b>	<b>\$ 7,037,537</b>	<b>\$ 3,667,884</b>	<b>\$ 8,411,990</b>	<b>\$ 8,115,382</b>	<b>\$ 3,964,492</b>

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

TOWN OF FORTVILLE  
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 FORTVILLE  
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 which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF FORTVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF FORTVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the 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

TOWN OF FORTVILLE  
 NOTES TO FINANCIAL STATEMENT  
 (Continued)

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being supported by reimbursement grants.

**Note 8. Restatements**

For the year ended December 31, 2011, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances.

<u>Fund Name</u>	<u>Balance as of December 31, 2010</u>	<u>New Fund</u>	<u>Balance as of January 1, 2011</u>
Phoenix Fabricators & Erectors Escrow	\$ -	\$ 58,363	\$ 58,363
Campbell's Excavating Escrow	-	6,007	6,007

**Note 9. Combined Funds**

Five funds related to the sewer were reported individually in the current financial statement but were combined into one fund for the prior financial statements. Five funds related to the water were reported individually in the current financial statement but were combined into one fund for the prior financial statement.

## 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 is 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 FORTVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General Fund	Motor Vehicle Highway	Local Road & Street	Police Continuing Education	Park Fund Operating	Rainy Day Fund	Police/K-9 Donation	CEDIT/Econ Dev Income Tax
Cash and investments - beginning	\$ 185,273	\$ 339,340	\$ 236,181	\$ 3,860	\$ 142,928	\$ 111,893	\$ 250	\$ 65,904
Receipts:								
Taxes	619,272	193,327	-	-	82,692	-	-	-
Licenses and permits	47,361	-	-	1,530	-	-	-	-
Intergovernmental	426,230	110,308	39,652	-	11,298	-	-	-
Charges for services	36,105	660	-	411	19,779	-	-	-
Fines and forfeits	42,418	169	-	15,340	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	73,256	-	-	-	102,983	-	-	-
Total receipts	<u>1,244,642</u>	<u>304,464</u>	<u>39,652</u>	<u>17,281</u>	<u>216,752</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	635,493	208,927	-	-	82,996	-	-	-
Supplies	114,034	69,773	-	-	27,417	-	-	-
Other services and charges	490,797	7,542	-	12,129	45,546	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	51,948	7,290	-	-	8,000	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	30,594	-	-	-	393	-	-	-
Total disbursements	<u>1,322,866</u>	<u>293,532</u>	<u>-</u>	<u>12,129</u>	<u>164,352</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(78,224)</u>	<u>10,932</u>	<u>39,652</u>	<u>5,152</u>	<u>52,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 107,049</u>	<u>\$ 350,272</u>	<u>\$ 275,833</u>	<u>\$ 9,012</u>	<u>\$ 195,328</u>	<u>\$ 111,893</u>	<u>\$ 250</u>	<u>\$ 65,904</u>

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

	Police Drug Forfeiture	Levy Excess Fund	TIF Bond & Interest	Cum Cap Imp - Cig Tax	Cum Cap Development	Park Donation/ Bower	Riverboat Sharing	Local Option Income Tax
Cash and investments - beginning	\$ 6,344	\$ 2,633	\$ 115,473	\$ 111,255	\$ 58,286	\$ 28,693	\$ 99,755	\$ -
Receipts:								
Taxes	-	-	-	-	14,310	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	9,890	1,955	-	21,553	87,756
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	7,220	-	-	-	-	-	-	-
Total receipts	<u>7,220</u>	<u>-</u>	<u>-</u>	<u>9,890</u>	<u>16,265</u>	<u>-</u>	<u>21,553</u>	<u>87,756</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	5,562	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	77,933	-	-	-	-	-
Capital outlay	2,644	-	-	1,535	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	2,633	-	-	-	-	-	-
Total disbursements	<u>8,206</u>	<u>2,633</u>	<u>77,933</u>	<u>1,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(986)</u>	<u>(2,633)</u>	<u>(77,933)</u>	<u>8,355</u>	<u>16,265</u>	<u>-</u>	<u>21,553</u>	<u>87,756</u>
Cash and investments - ending	<u>\$ 5,358</u>	<u>\$ -</u>	<u>\$ 37,540</u>	<u>\$ 119,610</u>	<u>\$ 74,551</u>	<u>\$ 28,693</u>	<u>\$ 121,308</u>	<u>\$ 87,756</u>

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

	RDC Operating- TIF	Park/ Estate/ Postrack	Police Specified Donation	Certified Shares Spec WTR	Operation Pull Over	Bond- General	Bond- General Construction
Cash and investments - beginning	\$ 72,560	\$ 50,000	\$ 10,135	\$ 62,077	\$ -	\$ 24,074	\$ 1,394
Receipts:							
Taxes	134,207	-	-	-	-	63,326	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	5,731	8,652	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	8,859	12,653	-	-	-	-
Total receipts	<u>134,207</u>	<u>8,859</u>	<u>12,653</u>	<u>-</u>	<u>5,731</u>	<u>71,978</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	6,352	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	5,570	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	74,873	-
Capital outlay	-	4,750	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>4,750</u>	<u>5,570</u>	<u>-</u>	<u>6,352</u>	<u>74,873</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>134,207</u>	<u>4,109</u>	<u>7,083</u>	<u>-</u>	<u>(621)</u>	<u>(2,895)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 206,767</u>	<u>\$ 54,109</u>	<u>\$ 17,218</u>	<u>\$ 62,077</u>	<u>\$ (621)</u>	<u>\$ 21,179</u>	<u>\$ 1,394</u>

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

	Bonar Grant	ARRA- Energy Grant	Planning Grant	Payroll	Storm Sewer Operating	Sewer Operating	Sewer Customer Deposits
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 18,705	\$ 44,189	\$ 141,562	\$ 45,537
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	6,850	-	-	-
Intergovernmental	-	386,120	50,000	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	275,333	836,751	18,800
Other receipts	-	-	-	1,497,212	-	832	-
Total receipts	<u>-</u>	<u>386,120</u>	<u>50,000</u>	<u>1,504,062</u>	<u>275,333</u>	<u>837,583</u>	<u>18,800</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	10,910	-	50,000	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	386,120	-	-	-	-	-
Utility operating expenses	-	-	-	-	12,462	561,101	16,625
Other disbursements	-	-	-	1,517,996	194,116	239,360	-
Total disbursements	<u>10,910</u>	<u>386,120</u>	<u>50,000</u>	<u>1,517,996</u>	<u>206,578</u>	<u>800,461</u>	<u>16,625</u>
Excess (deficiency) of receipts over disbursements	<u>(10,910)</u>	<u>-</u>	<u>-</u>	<u>(13,934)</u>	<u>68,755</u>	<u>37,122</u>	<u>2,175</u>
Cash and investments - ending	<u>\$ (10,910)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,771</u>	<u>\$ 112,944</u>	<u>\$ 178,684</u>	<u>\$ 47,712</u>

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

	Sewer Bond & Interest	Sewer DSR BNY	Sewer Bond & Interest BNY	Sewer 2004B BNY	Water Operating	Water Customer Deposits	Water Bond & Interest
Cash and investments - beginning	\$ 351,289	\$ 483,471	\$ -	\$ -	\$ 76,619	\$ 20,649	\$ 124,250
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	648,320	5,157	120,000
Other receipts	433,476	413	245,272	124,470	35,605	-	-
Total receipts	<u>433,476</u>	<u>413</u>	<u>245,272</u>	<u>124,470</u>	<u>683,925</u>	<u>5,157</u>	<u>120,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	484,100	10,251	-
Other disbursements	686,356	-	-	124,470	68,838	-	130,625
Total disbursements	<u>686,356</u>	<u>-</u>	<u>-</u>	<u>124,470</u>	<u>552,938</u>	<u>10,251</u>	<u>130,625</u>
Excess (deficiency) of receipts over disbursements	<u>(252,880)</u>	<u>413</u>	<u>245,272</u>	<u>-</u>	<u>130,987</u>	<u>(5,094)</u>	<u>(10,625)</u>
Cash and investments - ending	<u>\$ 98,409</u>	<u>\$ 483,884</u>	<u>\$ 245,272</u>	<u>\$ -</u>	<u>\$ 207,606</u>	<u>\$ 15,555</u>	<u>\$ 113,625</u>

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

	Water Bond & Interest BNY	Water DSR BNY	Water BNY	Phoenix Fabricators & Erectors Escrow	Campbell's Excavating Escrow	MK Betts Engineering Escrow	Totals
Cash and investments - beginning	\$ 48,107	\$ 143,728	\$ -	\$ 58,363	\$ 6,007	\$ -	\$ 3,290,784
Receipts:							
Taxes	-	-	-	-	-	-	1,107,134
Licenses and permits	-	-	-	-	-	-	55,741
Intergovernmental	-	-	-	-	-	-	1,159,145
Charges for services	-	-	-	-	-	-	56,955
Fines and forfeits	-	-	-	-	-	-	57,927
Utility fees	-	-	-	-	-	-	1,904,361
Other receipts	62,328	6,510	462,215	63	7	-	3,073,374
Total receipts	<u>62,328</u>	<u>6,510</u>	<u>462,215</u>	<u>63</u>	<u>7</u>	<u>-</u>	<u>7,414,637</u>
Disbursements:							
Personal services	-	-	-	-	-	-	933,768
Supplies	-	-	-	-	-	-	216,786
Other services and charges	-	-	-	-	-	-	622,494
Debt service - principal and interest	-	-	-	-	-	-	152,806
Capital outlay	-	-	-	-	-	-	462,287
Utility operating expenses	-	-	-	-	-	-	1,084,539
Other disbursements	51,286	-	462,215	55,975	-	-	3,564,857
Total disbursements	<u>51,286</u>	<u>-</u>	<u>462,215</u>	<u>55,975</u>	<u>-</u>	<u>-</u>	<u>7,037,537</u>
Excess (deficiency) of receipts over disbursements	<u>11,042</u>	<u>6,510</u>	<u>-</u>	<u>(55,912)</u>	<u>7</u>	<u>-</u>	<u>377,100</u>
Cash and investments - ending	<u>\$ 59,149</u>	<u>\$ 150,238</u>	<u>\$ -</u>	<u>\$ 2,451</u>	<u>\$ 6,014</u>	<u>\$ -</u>	<u>\$ 3,667,884</u>

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

	General Fund	Motor Vehicle Highway	Local Road & Street	Police Continuing Education	Park Fund Operating	Rainy Day Fund	Police/K-9 Donation
Cash and investments - beginning	\$ 107,049	\$ 350,272	\$ 275,833	\$ 9,012	\$ 195,328	\$ 111,893	\$ 250
Receipts:							
Taxes	528,701	163,172	-	-	57,294	-	-
Licenses and permits	14,364	-	-	2,450	-	-	-
Intergovernmental	507,441	117,888	40,839	-	11,391	-	-
Charges for services	73,947	5,816	-	330	19,018	-	-
Fines and forfeits	4,898	-	-	3,395	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	134,522	12,007	-	-	8,411	-	-
Total receipts	<u>1,263,873</u>	<u>298,883</u>	<u>40,839</u>	<u>6,175</u>	<u>96,114</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	645,076	200,124	-	-	56,505	-	-
Supplies	67,013	34,647	-	-	14,963	-	76
Other services and charges	512,724	110,159	46,250	3,692	60,220	-	-
Debt service - principal and interest	-	-	-	-	2	-	-
Capital outlay	62,553	50,298	-	-	27,819	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	77,670	98,938	-	-	10,539	-	-
Total disbursements	<u>1,365,036</u>	<u>494,166</u>	<u>46,250</u>	<u>3,692</u>	<u>170,048</u>	<u>-</u>	<u>76</u>
Excess (deficiency) of receipts over disbursements	<u>(101,163)</u>	<u>(195,283)</u>	<u>(5,411)</u>	<u>2,483</u>	<u>(73,934)</u>	<u>-</u>	<u>(76)</u>
Cash and investments - ending	<u>\$ 5,886</u>	<u>\$ 154,989</u>	<u>\$ 270,422</u>	<u>\$ 11,495</u>	<u>\$ 121,394</u>	<u>\$ 111,893</u>	<u>\$ 174</u>

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

	CEDIT/Econ Dev Income Tax	Police Drug Forfeiture	TIF Bond & Interest	Cum Cap Imp - Cig Tax	Cum Cap Development	Park Donation/ Bower	Riverboat Sharing
Cash and investments - beginning	\$ 65,904	\$ 5,358	\$ 37,540	\$ 119,610	\$ 74,551	\$ 28,693	\$ 121,308
Receipts:							
Taxes	-	-	50,964	-	10,012	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	10,132	10,421	1,990	-	23,275
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	3	-	-	-	-	-
Total receipts	<u>-</u>	<u>3</u>	<u>61,096</u>	<u>10,421</u>	<u>12,002</u>	<u>-</u>	<u>23,275</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	85,431	-	-	-	-
Capital outlay	-	-	-	25,295	41,500	-	49,309
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	65,904	-	-	-	1,737	-	-
Total disbursements	<u>65,904</u>	<u>-</u>	<u>85,431</u>	<u>25,295</u>	<u>43,237</u>	<u>-</u>	<u>49,309</u>
Excess (deficiency) of receipts over disbursements	<u>(65,904)</u>	<u>3</u>	<u>(24,335)</u>	<u>(14,874)</u>	<u>(31,235)</u>	<u>-</u>	<u>(26,034)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,361</u>	<u>\$ 13,205</u>	<u>\$ 104,736</u>	<u>\$ 43,316</u>	<u>\$ 28,693</u>	<u>\$ 95,274</u>

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

	Local Option Income Tax	RDC Operating- TIF	Health Insurance Refund	Park/ Estate/ Postrack	Police- Shop With a Cop	Police- Insurance Pay/Rev	Police Specified Donation
Cash and investments - beginning	\$ 87,756	\$ 206,767	\$ -	\$ 54,109	\$ -	\$ -	\$ 17,218
Receipts:							
Taxes	-	122,693	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	170,713	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	46,665	-	5,788	7,647	-
Total receipts	<u>170,713</u>	<u>122,693</u>	<u>46,665</u>	<u>-</u>	<u>5,788</u>	<u>7,647</u>	<u>-</u>
Disbursements:							
Personal services	19,240	-	-	-	-	-	-
Supplies	290	-	-	-	-	-	-
Other services and charges	50	1,341	-	-	-	-	9,637
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	36,910	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	5,788	7,647	-
Total disbursements	<u>56,490</u>	<u>1,341</u>	<u>-</u>	<u>-</u>	<u>5,788</u>	<u>7,647</u>	<u>9,637</u>
Excess (deficiency) of receipts over disbursements	<u>114,223</u>	<u>121,352</u>	<u>46,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,637)</u>
Cash and investments - ending	<u>\$ 201,979</u>	<u>\$ 328,119</u>	<u>\$ 46,665</u>	<u>\$ 54,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,581</u>

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

	Certified Shares Spec WTR	Operation Pull Over	OCRA Grant- Kenna- WWTP	Bond- General	Bond- General Construction	Bonar Grant	Online Utility Holding
Cash and investments - beginning	\$ 62,077	\$ (621)	\$ -	\$ 21,179	\$ 1,394	\$ (10,910)	\$ -
Receipts:							
Taxes	-	-	-	56,519	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	6,912	310,054	11,236	-	10,910	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	2,714	-	-	-	-	50
Total receipts	<u>-</u>	<u>9,626</u>	<u>310,054</u>	<u>67,755</u>	<u>-</u>	<u>10,910</u>	<u>50</u>
Disbursements:							
Personal services	-	9,005	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	46,000	-	-	-	-
Debt service - principal and interest	-	-	-	75,279	-	-	-
Capital outlay	-	-	264,054	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	62,077	-	-	8,850	-	-	-
Total disbursements	<u>62,077</u>	<u>9,005</u>	<u>310,054</u>	<u>84,129</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(62,077)</u>	<u>621</u>	<u>-</u>	<u>(16,374)</u>	<u>-</u>	<u>10,910</u>	<u>50</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,805</u>	<u>\$ 1,394</u>	<u>\$ -</u>	<u>\$ 50</u>

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

	Payroll	Storm Sewer Operating	Sewer Operating	Sewer Customer Deposits	Sewer Bond & Interest	Sewer DSR BNY	Sewer Bond & Interest BNY
Cash and investments - beginning	\$ 4,771	\$ 112,944	\$ 178,684	\$ 47,712	\$ 98,409	\$ 483,884	\$ 245,272
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	6,260	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	277,648	1,096,752	22,300	-	-	-
Penalties	-	1,894	-	-	-	-	-
Other receipts	1,180,447	-	1,000	-	-	5,521	450,006
Total receipts	<u>1,186,707</u>	<u>279,542</u>	<u>1,097,752</u>	<u>22,300</u>	<u>-</u>	<u>5,521</u>	<u>450,006</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	32,181	573,959	14,450	-	-	-
Other disbursements	1,184,358	-	411,848	-	43,821	-	449,867
Total disbursements	<u>1,184,358</u>	<u>32,181</u>	<u>985,807</u>	<u>14,450</u>	<u>43,821</u>	<u>-</u>	<u>449,867</u>
Excess (deficiency) of receipts over disbursements	<u>2,349</u>	<u>247,361</u>	<u>111,945</u>	<u>7,850</u>	<u>(43,821)</u>	<u>5,521</u>	<u>139</u>
Cash and investments - ending	<u>\$ 7,120</u>	<u>\$ 360,305</u>	<u>\$ 290,629</u>	<u>\$ 55,562</u>	<u>\$ 54,588</u>	<u>\$ 489,405</u>	<u>\$ 245,411</u>

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

	Sewer 2004B BNY	Sewer 2012 BNY	Water Operating	Water Customer Deposits	Water Bond & Interest	Water Bond & Interest BNY	Water DSR BNY
Cash and investments - beginning	\$ -	\$ -	\$ 207,606	\$ 15,555	\$ 113,625	\$ 59,149	\$ 150,238
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	664,745	7,884	100,000	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	1,552,310	36,283	-	44,250	61,798	7,101
Total receipts	-	1,552,310	701,028	7,884	144,250	61,798	7,101
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	450,546	4,188	-	-	-
Other disbursements	-	1,552,310	122,623	-	134,625	29,418	-
Total disbursements	-	1,552,310	573,169	4,188	134,625	29,418	-
Excess (deficiency) of receipts over disbursements	-	-	127,859	3,696	9,625	32,380	7,101
Cash and investments - ending	\$ -	\$ -	\$ 335,465	\$ 19,251	\$ 123,250	\$ 91,529	\$ 157,339

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

	Water BNY	ARRA- Water BNY	Phoenix Fabricators & Erectors Escrow	Campbell's Excavating Escrow	MK Betts Engineering Escrow	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 2,451	\$ 6,014	\$ -	\$ 3,667,884
Receipts:						
Taxes	-	-	-	-	-	989,355
Licenses and permits	-	-	-	-	-	23,074
Intergovernmental	-	-	-	-	-	1,233,202
Charges for services	-	-	-	-	-	99,111
Fines and forfeits	-	-	-	-	-	8,293
Utility fees	-	-	-	-	-	2,169,329
Penalties	-	-	-	-	-	1,894
Other receipts	211,116	2,940	1	4	117,148	3,887,732
Total receipts	<u>211,116</u>	<u>2,940</u>	<u>1</u>	<u>4</u>	<u>117,148</u>	<u>8,411,990</u>
Disbursements:						
Personal services	-	-	-	-	-	929,950
Supplies	-	-	-	-	-	116,989
Other services and charges	-	-	-	-	-	790,073
Debt service - principal and interest	-	-	-	-	-	160,712
Capital outlay	-	-	-	-	-	557,738
Utility operating expenses	-	-	-	-	-	1,075,324
Other disbursements	211,116	2,940	2,452	-	68	4,484,596
Total disbursements	<u>211,116</u>	<u>2,940</u>	<u>2,452</u>	<u>-</u>	<u>68</u>	<u>8,115,382</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(2,451)</u>	<u>4</u>	<u>117,080</u>	<u>296,608</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,018</u>	<u>\$ 117,080</u>	<u>\$ 3,964,492</u>

TOWN OF FORTVILLE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 85,385	\$ 740
Storm Water	2,530	9,770
Wastewater	34,965	18,748
Water	24,894	1,707
Totals	\$ 147,774	\$ 30,965

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
ALLY	2012 CHEVY TRUCK	\$ 7,336	07-11-12	07-15-16
GENERAL ELECTRIC CAPITAL CORP	2012 BOBCAT EXCAVATOR & TRAILER	12,555	04-16-12	04-15-16
PNC EQUIPMENT FINANCE	THREE 2009 POLICE CARS & EQUIPMENT	25,940	01-01-09	01-15-13
PUBLIC FINANCE	FIVE 2010 POLICE VEHICLES	<u>25,770</u>	07-01-10	07-01-14
Total governmental activities		<u>71,601</u>		
Total of annual lease payments		<u>\$ 71,601</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	TIF - REDEVELOPMENT Series A 2005	\$ 193,000	\$ 36,369
General obligation bonds	TIF - REDEVELOPMENT Series B 2005	311,000	43,658
General obligation bonds	ROAD IMPROVEMENTS 2006	<u>109,000</u>	<u>75,550</u>
Total governmental activities		<u>613,000</u>	<u>155,577</u>
Wastewater:			
Revenue bonds	SEWAGE WORKS REVENUE BONDS 2012	2,380,000	74,273
Revenue bonds	SEWAGE WORKS IMPROVEMENTS REVENUE A 1999	740,000	104,500
Revenue bonds	PLANT ADDITIONS AND IMPROVEMENTS REVENUE B 2000	591,000	84,548
Revenue bonds	SEWAGE WORKS IMPROVEMENTS REVENUE A 2004	1,379,210	150,639
Revenue bonds	SEWAGE WORKS IMPROVEMENTS 2005	<u>869,758</u>	<u>96,295</u>
Total Wastewater		<u>5,959,968</u>	<u>510,255</u>
Water:			
Revenue bonds	WATER WORKS IMPROVEMENTS 1998	130,000	133,250
Revenue bonds	WATER TOWER AT HIGH SCHOOL 2009	<u>2,023,000</u>	<u>67,945</u>
Total Water		<u>2,153,000</u>	<u>201,195</u>
Totals		<u>\$ 8,725,968</u>	<u>\$ 867,027</u>

TOWN OF FORTVILLE  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 871,910
Infrastructure	807,752
Buildings	136,673
Improvements other than buildings	235,693
Machinery, equipment, and vehicles	1,142,146
Total governmental activities	3,194,174
Wastewater:	
Infrastructure	4,415,452
Buildings	585,000
Machinery, equipment, and vehicles	1,087,139
Construction in progress	1,552,308
Total Wastewater	7,639,899
Water:	
Land	24,500
Infrastructure	2,308,518
Machinery, equipment, and vehicles	190,988
Construction in progress	1,992,358
Total Water	4,516,364
Total capital assets	\$ 15,350,437

TOWN OF FORTVILLE  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient due to the lack of segregation of duties and lack of monitoring. The following deficiencies were noted:

1. Lack of Segregation of Duties: The segregation of accounting duties in the Clerk-Treasurer's office was inadequate. The Clerk-Treasurer was responsible for reconciling the bank account to the Town's records each month. The Clerk-Treasurer issued all receipts, created Town fund bank deposits, delivered those deposits to the bank, wrote all checks, and posted all financial transactions to the computerized accounting system. There also was no oversight or approval of the bank reconciliations once they were completed. The lack of oversight and approval of bank reconciliations and the inadequate segregation of accounting duties could allow fraud or errors to occur and remain undetected.
2. 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.

We believe the deficiencies in controls over financial transactions and reporting noted above constitute material weaknesses. As a result of the weaknesses noted above, the original financial statement presented for audit was materially incorrect and required adjustment. The net adjustments increased receipts in the amount of \$485,270 and \$1,883,451 for 2011 and 2012, respectively. The net adjustments also increased disbursements in the amount of \$642,660 and \$1,667,401 for 2011 and 2012, respectively. The Town approved the audit adjustments to the financial statement for these transactions.

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)

Indiana Code 5-11-1-4(a) states:

"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. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

TOWN OF FORTVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

***INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING 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 controls in place that operates effectively, material misstatements of the SEFA could remain undetected. The following deficiencies were noted:

1. The Town did not establish proper control procedures to identify and record federal grant receipts and disbursements in the financial records. Activity for State Revolving Fund (SRF) Loans was not recorded in the financial records, but was maintained on an electronic spreadsheet.
2. The Town did not have controls in place to verify that information reported on the SEFA agreed with the financial records to ensure the SEFA was accurate and complete. In some instances, there was federal grant activity in the financial records that was not reported on the SEFA.
3. Monitoring of Controls: Effective internal control over federal 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 place 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 does not have a process in place to identify or communicate corrective actions to improve controls.

We believe the deficiencies in controls over the accounting of federal receipts and disbursements and other federal information noted above constitute material weaknesses. As a result of the weaknesses noted above, the original SEFA presented for audit was materially incorrect and required adjustment. The adjustments increased total federal expenditures in the amount of \$1,428,570. The Town requested and approved the adjustments to the SEFA.

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)

***CONDITION OF RECORDS - UTILITY GRANT FUNDS AND ESCROW ACCOUNTS EXCLUDED***

Financial records presented for audit were incomplete and not reflective of the activity of some of the State Revolving Fund (SRF) Loan funds. Monies related to these grants and their debt requirements have been kept in separate bank accounts and the financial information was not included in the ledgers. The information also was not included in the City's and Town's Annual Report (CTAR). In addition to the SRF funds,

TOWN OF FORTVILLE  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

the balances and activity of Escrow Accounts in the name of the Town were also not included in the ledgers or the CTAR. Records were kept for these accounts and they were presented for audit. Sufficient information was presented to audit and establish balances and transactions. Of the net adjustments to the receipts and disbursements listed in the Internal Controls Over Financial Transactions and Reporting comment above, the following was related to SRF Loan funds and Escrow Accounts that were not included in the ledgers of the CTAR which had to be added for accurate reporting:

<u>Year</u>	<u>Receipts</u>	<u>Disbursements</u>
2011	\$ 586,755	\$ 642,660
2012	1,833,451	1,768,886

The financial statement was adjusted to reflect the additional funds. A similar comment was made in prior Report B38716.

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)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE TOWN OF FORTVILLE, HANCOCK COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the Town of Fortville'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 each of its major federal programs for the period of January 1, 2011 to December 31, 2012. The Town's major federal programs are 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 each of the Town's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

***Basis for Adverse Opinion on ARRA – Energy Efficiency and Conservation Block Grant (EECBG)***

As described in item 2012-3 in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding subrecipient monitoring that are applicable to its ARRA – EECBG. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

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

***Basis for Qualified Opinion on Community Development  
Block Grant (CDBG) – State-Administered CDBG Cluster***

As described in item 2012-4 in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding cash management that are applicable to its CDBG – State-Administered CDBG Cluster. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

***Adverse Opinion on ARRA – EECBG***

In our opinion, because of the significance of the noncompliance described in the *Basis for Adverse Opinion* paragraph, the Town did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on ARRA – EECBG.

***Qualified Opinion on CDBG – State-Administered CDBG Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, 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 CDBG – State-Administered CDBG Cluster for the period of January 1, 2011 to December 31, 2012.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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 each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of January 1, 2011 to December 31, 2012.

***Other Matters***

The Town's response to the noncompliance findings identified in our audit is described in the accompanying Official Response and 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.

***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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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 and significant deficiencies.

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

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.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-4, to be significant deficiencies.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Official Response and 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.



Bruce Hartman  
State Examiner

August 7, 2013

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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TOWN OF FORTVILLE  
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					
CFF Wastewater Project	Indiana Office of Community and Rural Affairs	14.228	B12DC180001CF-11-104	\$ -	\$ 310,054
Community Center Planning Project			HD-008-018	50,000	-
Total - CDBG - State-Administered CDBG Cluster				50,000	310,054
Total - Department of Housing and Urban Development				50,000	310,054
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction Bonar Project	Indiana Department of Transportation	20.205	DES # 9803860	-	13,486
Total - Highway Planning and Construction Cluster				-	13,486
Highway Safety Cluster					
State and Community Highway Safety					
State Operation Pullover	Indiana Criminal Justice Institute	20.600	D3-11-5984	1,985	-
State Operation Pullover	Hancock County		PT-12-11-04-04	3,746	5,295
Total - State and Community Highway Safety				5,731	5,295
Alcohol Impaired Driving Countermeasures Incentive Grants I					
State Operation Pullover	Hancock County	20.601	K8-2012-03-03-11	-	4,332
Total - Highway Safety Cluster				5,731	9,627
Total - Department of Transportation				5,731	23,113
<u>Environmental Protection Agency</u>					
Capitalization Grants for Clean Water State Revolving Funds					
2005 Wastewater Project	Indiana Finance Authority	66.458	WW0554303	46,216	-
2012 Wastewater Project			WW11023005	-	589,412
Total - Capitalization Grants for Clean Water State Revolving Funds				46,216	589,412
Capitalization Grants for Drinking Water State Revolving Funds					
2009 Drinking Water	Indiana Finance Authority	66.468	DW09013001	220,874	104,165
ARRA - Capitalization Grants for Drinking Water State Revolving Funds					
ARRA Drinking Water	Indiana Finance Authority	66.468	DW09013001	-	2,940
Total - Environmental Protection Agency				267,090	696,517
<u>Department of Energy</u>					
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)					
ARRA Energy Grant	Indiana Office of Energy Development	81.128	DE-EE-000725	386,120	-
Total - Department of Energy				386,120	-
Total federal awards expended				\$ 708,941	\$ 1,029,684

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF FORTVILLE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Fortville (Town) 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.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the Town provided federal awards to subrecipients as follows for the years ended December 31, 2011 and 2012:

Program Title	Federal CFDA Number	2011	2012
ARRA – Energy Efficiency And Conservation Block Grant Program (EECBG)	81.128	\$ 386,120	\$ -

TOWN OF FORTVILLE  
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?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs except CDBG – State-Administered Cluster, which is qualified and ARRA – EECBG, which is adverse.
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 Programs:

CFDA Number	Name of Federal Program or Cluster
-	CDBG – State-Administered CDBG Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

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 related to financial transactions and reporting. Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient due to the lack of segregation of duties and lack of monitoring. The following deficiencies were noted:

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

1. **Lack of Segregation of Duties:** The segregation of accounting duties in the Clerk-Treasurer's office was inadequate. The Clerk-Treasurer was responsible for reconciling the bank account to the Town's records each month. The Clerk-Treasurer issued all receipts, created Town fund bank deposits, delivered those deposits to the bank, wrote all checks, and posted all financial transactions to the computerized accounting system. There also was no oversight or approval of the bank reconciliations once they were completed. The lack of oversight and approval of bank reconciliations and the inadequate segregation of accounting duties could allow fraud or errors to occur and remain undetected.
2. **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.

We believe the deficiencies in controls over financial transactions and reporting noted above constitute material weaknesses. As a result of the weaknesses noted above, the original financial statement presented for audit was materially incorrect and required adjustment. The net adjustments increased receipts in the amount of \$485,270 and \$1,883,451 in 2011 and 2012, respectively. The net adjustments also increased disbursements in the amount of \$642,660 and \$1,667,401 in 2011 and 2012, respectively. The Town approved audit adjustments to the financial statement for these transactions.

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)

Indiana Code 5-11-1-4(a) states:

"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. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

***FINDING 2012-2 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING 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 controls in place that operates effectively, material misstatements of the SEFA could remain undetected. The following deficiencies were noted:

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

1. The Town did not establish proper control procedures to identify and record federal grant receipts and disbursements in the financial records. State Revolving Funds (SRF) Loans activity was not recorded in the financial records but was maintained on an electronic spreadsheet.
2. The Town did not have controls in place to verify that information reported on the SEFA agreed with the financial records to ensure the SEFA was accurate and complete. In some instances, there was federal grant activity in the financial records that did not get reported on the SEFA.
3. Monitoring of Controls: Effective internal control over federal 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.

We believe the deficiencies in controls over the accounting of federal receipts and disbursements and other federal information noted above constitute material weaknesses. As a result of the weaknesses noted above, the original SEFA presented for audit was materially incorrect and required adjustment. The adjustments increased total federal expenditures in the amount of \$1,428,570. The Town requested and approved the adjustments to the SEFA.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310 states:

(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

***Section III – Federal Award Findings and Questioned Costs***

***FINDING 2012-3 - SUBRECIPIENT MONITORING***

Federal Agency: U.S. Department of Energy  
Federal Program: ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)  
CFDA Number: 81.128  
Federal Award Number and Year (or Other Identifying Number): DE-EE-000725  
Pass-Through Entity: Indiana Office of Energy Development

Internal controls related to the subrecipient monitoring compliance requirements were not designed or implemented for the Energy Efficiency and Conservation Block Grant Program (EECBG). As the recipient of the grant, the Town had requirements to monitor the subrecipient. We identified that the Town did not ensure the subrecipient complied with laws, regulations, and the provisions of the contracts and/or grant agreement through actively monitoring the subrecipient. We also identified that the Town did not have the subrecipient's audit report on file and no management decision was issued on the findings that related to this program in the subrecipient's audit report. Lastly, we found the Town did not verify that the subrecipient complied with certain ARRA requirements.

Due to the magnitude of the noncompliance and weaknesses in internal controls, we have determined this to be a material weakness.

10 CFR 600.240(a) states:

"Grantees are responsible for managing the day-to-day operations of the grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

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

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. Non-compliance 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.

***FINDING 2012-4 - CASH MANAGEMENT***

Federal Agency: U.S. 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 (or Other Identifying Number): B12DC180001CF-11-104, HD-008-018

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Internal controls related to the cash management compliance requirements were not designed or implemented properly for the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii. The distribution from the State is to be disbursed from the Town within 5 business days of receiving the distribution. The State sends a notification email stating when the deposit will be made. There is no documentation of controls at the Town that would indicate the email is reviewed nor is the date that the disbursement must be made identified. We found two instances where payments were made 8 and 11 business days after receiving the distribution from the State.

Due to the magnitude of the noncompliance and weaknesses in internal controls, we have determined this to be a significant deficiency.

The CDBG Handbook, section 6.5 (Draw-downs and Disbursements) states in part:

"Under no circumstances should a Grantee retain more than \$5,000 of federal money in their bank account for more than five business days. If for any reason the federal funds cannot be disbursed during the five day period, the Grantee will be required to return all interest earned on the federal funds to OCRA by check made payable to the U.S. Treasury. Grantees are advised to keep federal funds in non-interesting bearing accounts."

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."

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance 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 FORTVILLE

www.fortvilleindiana.org

714 East Broadway Street  
Fortville, Indiana 46040-1557

**Town Council**  
Bill Hiday  
Robert Holland  
Janet Manship  
Nancy Sizemore  
Ron Stafford

**Clerk-Treasurer**  
Marcie Stafford

**Town Manager**  
Joe Renner

## Section II - Financial Statement Findings

### FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING CORRECTIVE ACTION PLAN

#### a. Lack of Segregation of Duties:

##### Action Taken:

- a. Accounting software has been placed on the server
- b. The Utility Supervisor and Utility Clerk have access to accounting software to issue receipts, create Town fund bank deposits, and deliver deposits to the bank

##### Action Requested - Approval by Town Council:

As Clerk-Treasurer, my requested corrective action plan is the addition of a part-time Deputy Clerk. This will not only finally put the Town in compliance as related to internal controls but also segregation of duties. The Deputy Clerk would be on-site, trained, and have the ability to write checks, receipts, assist with bank reconciliations, and other financial transactions including payroll. The Deputy Clerk would also help with other daily tasks and serve as a much-needed back up to the Clerk, where there's not one now, for scheduled absences or in case of an emergency. The current deficiency places the Town at risk.

#### b. Monitoring of Controls:

The Clerk-Treasurer will continue to seek a solution to rectify this ongoing Audit Finding.

#### Adjustments in Receipts and Disbursements:

##### Action Taken:

- Five bank accounts (three Bank of New York SRF/Grant accounts and two contractor escrow accounts) have been added to Town's bank table

#### Town Offices

Clerk/Treasurer	Town Manager	Town Marshal	Fire Department	Street Department	Utility/Treatment	Fax
(317) 485-4044	(317) 485-4712	(317) 485-7483	(317) 485-5354	(317) 485-6334	(317) 485-6432	(317) 485-4141

**NOTE:**

Regarding the above noted adjustments to the financial statement in receipts and disbursements in both 2011 and 2012 for the activity in some escrow and SRF/Grant accounts, the 2009-2010 audit (page 34 attached) explained that at that time these same financial records were not included in the Town's ledgers or CTAR nor had they been in the past. It also stated these funds were kept in separate bank accounts, and sufficient information was presented to properly report balances and transactions. These accounts would have been added to the Town's ledgers and included in the CTAR in 2011 going forward had the request been made at that time. They have now been added.

**FINDING 2012-2 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING  
OF FEDERAL AWARDS  
CORRECTIVE ACTION PLAN**

Schedule of Expenditures of Federal Awards (SEFA):

- Bank accounts have been added to the Town's ledgers
- Correct SEFA form in which to report information has been provided to the Clerk-Treasurer. All information related to the 2012 Wastewater Treatment Plant Project SRF and OCRA funds will be transferred to correct form. Per instructions from auditor, the added bank accounts will be reconciled retroactively to January 2013.
- Federal award reporting noted and will begin with year 2013 containing all required information.

Section III - Financial Statement Findings and Questioned Costs

**FINDING 2012-3 - SUB-RECIPIENT MONITORING  
CORRECTIVE ACTION PLAN**

Federal Agency: US Department of Energy  
 Federal Program: ARRA - Energy Efficiency and Conservation Block Grant (EECBG)  
 Program  
 CFDA Number: 81.128  
 Federal Award Number and Year (or Other Identifying Number): DE-EE-000725  
 Pass-Through Entity: Indiana Office of Energy Development

- **Action Taken:** Mt. Vernon's Corrective Action Plan can be located on the State Board of Accounts website at <http://www.in.gov/sboa/resources/reports/audit/>.

- Issue a management decision on Mt. Vernon's audit findings within six months and ensure appropriate and timely corrective action has been taken.
- Obtain current and relative information regarding federal grant compliance requirements (including sub-recipient monitoring) and establish clearly documented, segregated policies and procedures to ensure compliance with all requirements of grant agreements.

**FINDING 2012-4 - CASH MANAGEMENT**  
**CORRECTIVE ACTION PLAN**

Federal Agency: US Housing and Urban Development  
 Federal Program: CDBG - State Administered CDBG Cluster  
 CFDA Number: 14.228  
 Federal Award Number and Year (or Other Identifying Number): B12DC180001CF-11-104  
 Pass-Through Entity: Indiana Office of Community and Rural Affairs

- **Action Taken:** Shortly after I took office in January 2012 and was informed of the five-day rule, I added Joe Renner, Town Manager, to the email distribution list from the Auditor of State. This was done to ensure that more than just the Clerk received the email notification of the deposit of grant funds into the Town's bank account. Since that time, all funds have been distributed within the five-day requirement. This can be verified with the grant administrator, Kenna Consulting. However, during my term as Clerk I did receive a notification to pay interest on a late disbursement from 2011. The check was for approximately \$1.45.

Respectfully submitted,

*Marcie Stafford*

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Marcie Stafford, Clerk/Treasurer

August 7, 2013

TOWN OF FORTVILLE  
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient due to lack of segregation of duties and lack of monitoring. We believe the following deficiencies constitute material weaknesses:

1. **Lack of Segregation of Duties:** The segregation of accounting duties in the Clerk-Treasurer's office was inadequate. The Clerk-Treasurer was responsible for reconciling the bank account to the Town's records each month. While all utility funds were collected and deposited by the utility clerks, the Town funds were collected by the Clerk-Treasurer, utility clerks or the police department employees. The Town fund bank deposits were prepared by the Clerk-Treasurer and delivered to the bank by the Utility clerks or the Clerk-Treasurer. In these instances, the Clerk-Treasurer issued receipts and created the bank deposits for these Town funds. The Clerk-Treasurer wrote checks, and posted financial transactions to the computerized accounting system. There also was no oversight or approval of the bank reconciliations once they were completed. The lack of oversight and approval of bank reconciliations and the inadequate segregation of accounting duties could allow fraud or errors to occur and remain undetected.
2. **Monitoring of Controls:** Effective internal control over financial transactions and 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 financial statement misstatements and errors or fraud in a timely manner.

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)

FUNDS EXCLUDED FROM RECORDS

Financial records (ledgers) presented for audit were complete, except for the activity of some of the State Revolving Fund (SRF) Loan funds and the American Recovery and Reinvestment Act (ARRA) grant funds. These grants have been kept in separate bank accounts and the financial information was not included in the ledgers. The information was not included in the Annual City and Town Financial Reports (CTAR) filed by the Town for 2009 and 2010, and has not always been included in past periods. Records were kept for these accounts and they were presented for audit. Sufficient information was presented for audit to properly report balances and transactions. The Financial Statements were adjusted to reflect the additional funds.

TOWN OF FORTVILLE  
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2013, with Marcie Stafford, Clerk-Treasurer, and William Hiday, President of the Town Council. The Official Response has been made a part of this report and may be found on pages 56 and 57.



# TOWN OF FORTVILLE

www.fortvilleindiana.org

714 East Broadway Street  
Fortville, Indiana 46040-1557

## Town Council

Bill Hiday  
Robert Holland  
Janet Manship  
Nancy Sizemore  
Ron Stafford

## Clerk-Treasurer

Marcie Stafford

## Town Manager

Joe Renner

## TOWN OF FORTVILLE ADDITIONAL COMMENTS REGARDING DEFICIENCIES IN SEGREGATION OF DUTIES & MONITORING OF CONTROLS

Lack of Segregation of Duties:

### Action Taken Prior to Audit:

As of October 1, 2012, the accounting software was placed on the server allowing the Utility Supervisor and Utility Clerk limited access to issue receipts, create Town Fund bank deposits, and deliver deposits to the bank. Three of the issues had been corrected as of that date. In addition, an outside representative from OW a CPA firm typically assisted with and approved bank reconciliations; however, this does not satisfy the effective "internal control" over these processes along with the other duties listed below.

### Further Action To Correct Deficiency-Seek Town Council Approval for Deputy Clerk:

I plan to again submit a request to the Town Council for approval to hire a Deputy Clerk. This has previously been requested and denied as their preference is to rely on an outside source. In addition, this person would be on-site, trained internally, have the ability to write checks, receipts, assist with bank reconciliations, and other financial transactions including payroll. The Deputy Clerk would also help with other daily tasks, serve as a much-needed back up to the Clerk-Treasurer (where there's not one now) not only for scheduled absences but also in the case of unforeseen absences or emergencies, and be a more financially responsible solution. A Deputy Clerk would finally put the Clerk, Town Council, and Town of Fortville in compliance with State Board of Account's continued Audit Findings as related to internal controls and segregation of duties. The current deficiencies place the Town of Fortville at great risk.

#### Town Offices

Clerk/Treasurer: (317) 485-4044    Town Manager: (317) 485-4772    Town Marshal: (317) 485-7483    Fire Department: (317) 485-5354    Street Department: (317) 485-6331    Utility Treatment: (317) 485-5439    Fax: (317) 485-4147

Monitoring of Controls:

**Action Taken:**

Five bank accounts (three Bank of New York SRF/Grant accounts and two contractor escrow accounts) have been added to Town's ledgers.

**Noted - Not a Finding In 2009-2010 Audit:**

On page 34 of the previous audit, the same financial transactions and required adjustments in receipts and disbursements for activity in some contractor escrow bank accounts and SRF/Grant bank accounts were only noted in that audit and explained at that time that these same financial records were not included in the Town's ledgers or CTAR nor had they been in the past. It also stated these funds were kept in separate bank accounts, and sufficient information was presented to properly report balances and transactions. These accounts would have been added to the Town's ledgers and included in the CTAR in 2011 going forward had the request been made at that time. They have now been added.

Respectfully submitted,



Marcie Stafford, Clerk-Treasurer

August 16, 2013