

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF ARGOS

MARSHALL COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
10/29/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Patricia S. Jones	07-14-08 to 12-31-15
President of the Town Council	David Walker George A. Null	01-01-11 to 12-31-11 01-01-12 to 12-31-13
Superintendent of Utilities	John Archambeault	01-01-11 to 12-31-13



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ARGOS, MARSHALL COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Argos (Town), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial 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 comprehensive 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 these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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.

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, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

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



Bruce Hartman
State Examiner

October 8, 2013

FINANCIAL STATEMENT

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

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TOWN OF ARGOS
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	\$ 377,414	\$ 638,291	\$ 659,690	\$ 356,015	\$ 834,424	\$ 715,096	\$ 475,343
Motor Vehicle Highway	128,122	213,641	200,084	141,679	217,206	183,445	175,440
Local Road And Street	58,861	7,045	-	65,906	7,285	-	73,191
Law Enforcement Continuing Ed	20,828	1,413	1,850	20,391	1,484	3,255	18,620
Parks And Recreation	55,561	170,675	99,421	126,815	82,009	83,475	125,349
Rainy Day	160,260	-	-	160,260	-	-	160,260
Cumulative Capl Imprv Cigarette Tax	137,935	5,357	-	143,292	5,109	-	148,401
Cumulative Capital Development	74,892	34,548	29,103	80,337	28,234	29,103	79,468
Storm Sewer Nonreverting (Cap. Exp)	183,491	1,072	35,789	148,774	-	17,211	131,563
Cash Change	175	-	-	175	-	-	175
Cemetery Operating	91,799	1,922	13,450	80,271	1,872	24,305	57,838
Park Donation	3,550	-	-	3,550	-	-	3,550
Ambulance/Ems Nonreverting	97,931	97,401	96,210	99,122	104,646	90,910	112,858
B & R Building Expenses	(1,166)	3,550	5,606	(3,222)	5,125	5,226	(3,323)
Insurance Claims	5,537	5,123	5,798	4,862	5,059	4,926	4,995
Fire Billing	4,498	1,000	-	5,498	512	-	6,010
Concessions (Park)	2,190	1,278	845	2,623	1,739	1,087	3,275
Housing Grant #1	8,236	-	-	8,236	-	-	8,236
Housing Grant #2	3,453	-	-	3,453	-	-	3,453
Cemetery Perpetual Care	41,317	7,203	5,475	43,045	10,815	8,700	45,160
Ambulance Donation	12,787	500	133	13,154	870	213	13,811
Police Fund	12,803	1,806	5,043	9,566	17,123	4,776	21,913
Cemetery Foundations	900	2,250	-	3,150	3,000	1,350	4,800
TIF District 2	23,201	22,457	-	45,658	21,626	-	67,284
Payroll	12,325	254,573	254,964	11,934	247,199	248,427	10,706
Electric Utility-Operating	987,608	2,584,275	2,379,547	1,192,336	2,959,075	2,698,700	1,452,711
Electric Utility-Deprec/Improve	963,111	3,978	-	967,089	3,432	-	970,521
Electric Utility-Customer Deposit	27,172	9,588	8,510	28,250	7,834	8,345	27,739
Electric Utility-Other #1	1,401,011	132,166	-	1,533,177	116,355	-	1,649,532
Wastewater Utility-Operating	163,273	355,200	314,441	204,032	383,946	318,078	269,900
Wastewater Util-Bond And Interest	59,000	93,600	94,198	58,402	93,600	94,023	57,979
Wastewater Utility-Deprec/Improve	73,718	-	-	73,718	-	-	73,718
Wastewater Utility-Debt Reserve	104,199	180	-	104,379	156	-	104,535
Water Utility-Operating	164,293	390,391	393,873	160,811	412,152	404,954	168,009
Water Utility-Bond And Interest	37,214	49,500	48,720	37,994	49,500	49,103	38,391
Water Utility-Depreciation/Improve	38,078	145	-	38,223	125	-	38,348
Water Utility-Customer Deposit	12,523	4,255	3,815	12,963	3,530	3,945	12,548
Water Utility-Other #1	53,361	5,100	-	58,461	1,275	-	59,736
Totals	\$ 5,601,461	\$ 5,099,483	\$ 4,656,565	\$ 6,044,379	\$ 5,626,317	\$ 4,998,653	\$ 6,672,043

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

TOWN OF ARGOS
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, storm water, trash, 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 Indiana 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. The basis of accounting involves the reporting of only cash investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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, 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.

TOWN OF ARGOS
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, 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, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, and fines and fees.

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

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

Penalties which include fees received for late payments.

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

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 ARGOS
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 ARGOS
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 Plans

A. 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 ARGOS
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.

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficits

The financial statement contains a fund (B & R Building Expenses) with a deficit in cash. This is a result of expenses being more than the rental fees collected.

Note 8. Subsequent Event

The Town purchased 75 acres in 2013 for \$630,000 to be used for later development. It was purchased from the General Fund after a transfer from the Electric Cash Reserve Fund.

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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

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

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Parks And Recreation	Rainy Day	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Storm Sewer Nonreverting (Cap. Exp)	Cash Change
Cash and investments - beginning	\$ 377,414	\$ 128,122	\$ 58,861	\$ 20,828	\$ 55,561	\$ 160,260	\$ 137,935	\$ 74,892	\$ 183,491	\$ 175
Receipts:										
Taxes	280,686	159,772	-	-	154,295	-	-	17,612	-	-
Licenses and permits	1,798	-	-	450	-	-	-	-	-	-
Intergovernmental	152,492	53,419	7,045	-	10,619	-	4,632	1,212	-	-
Charges for services	201,743	-	-	21	5,561	-	-	15,644	-	-
Fines and forfeits	675	-	-	542	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	897	450	-	400	200	-	725	80	1,072	-
Total receipts	638,291	213,641	7,045	1,413	170,675	-	5,357	34,548	1,072	-
Disbursements:										
Personal services	381,459	92,451	-	-	30,505	-	-	-	-	-
Supplies	34,180	25,810	-	-	7,743	-	-	-	-	-
Other services and charges	198,844	17,278	-	1,850	10,167	-	-	-	-	-
Capital outlay	15,968	64,545	-	-	51,006	-	-	29,103	35,789	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	29,239	-	-	-	-	-	-	-	-	-
Total disbursements	659,690	200,084	-	1,850	99,421	-	-	29,103	35,789	-
Excess (deficiency) of receipts over disbursements	(21,399)	13,557	7,045	(437)	71,254	-	5,357	5,445	(34,717)	-
Cash and investments - ending	\$ 356,015	\$ 141,679	\$ 65,906	\$ 20,391	\$ 126,815	\$ 160,260	\$ 143,292	\$ 80,337	\$ 148,774	\$ 175

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

	Cemetery Operating	Park Donation	Ambulance/Ems Nonreverting	B & R Building Expenses	Insurance Claims	Fire Billing	Concessions (Park)	Housing Grant #1	Housing Grant #2	Cemetery Perpetual Care
Cash and investments - beginning	\$ 91,799	\$ 3,550	\$ 97,931	\$ (1,166)	\$ 5,537	\$ 4,498	\$ 2,190	\$ 8,236	\$ 3,453	\$ 41,317
Receipts:										
Taxes	-	-	14,303	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	984	-	-	-	-	-	-	-
Charges for services	1,560	-	81,226	3,550	-	1,000	1,278	-	-	6,915
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	362	-	888	-	5,123	-	-	-	-	288
Total receipts	1,922	-	97,401	3,550	5,123	1,000	1,278	-	-	7,203
Disbursements:										
Personal services	-	-	53,166	-	-	-	-	-	-	-
Supplies	577	-	6,870	-	-	-	845	-	-	-
Other services and charges	12,873	-	34,359	5,606	5,798	-	-	-	-	5,475
Capital outlay	-	-	1,815	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-	-
Total disbursements	13,450	-	96,210	5,606	5,798	-	845	-	-	5,475
Excess (deficiency) of receipts over disbursements	(11,528)	-	1,191	(2,056)	(675)	1,000	433	-	-	1,728
Cash and investments - ending	\$ 80,271	\$ 3,550	\$ 99,122	\$ (3,222)	\$ 4,862	\$ 5,498	\$ 2,623	\$ 8,236	\$ 3,453	\$ 43,045

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

	Ambulance Donation	Police Fund	Cemetery Foundations	TIF District 2	Payroll	Electric Utility-Operating	Electric Utility- Deprec/Improve	Electric Utility-Customer Deposit	Electric Utility-Other #1	Wastewater Utility-Operating
Cash and investments - beginning	\$ 12,787	\$ 12,803	\$ 900	\$ 23,201	\$ 12,325	\$ 987,608	\$ 963,111	\$ 27,172	\$ 1,401,011	\$ 163,273
Receipts:										
Taxes	-	-	-	22,457	-	66,213	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	2,250	-	-	-	-	-	-	-
Fines and forfeits	-	1,806	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,504,045	-	9,480	-	354,877
Penalties	-	-	-	-	-	3,447	-	-	-	-
Other receipts	500	-	-	-	254,573	10,570	3,978	108	132,166	323
Total receipts	500	1,806	2,250	22,457	254,573	2,584,275	3,978	9,588	132,166	355,200
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	133	4,839	-	-	-	-	-	-	-	-
Other services and charges	-	204	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	18,369	-	-	-	14,789
Utility operating expenses	-	-	-	-	-	2,250,346	-	-	-	206,052
Other disbursements	-	-	-	-	254,964	110,832	-	8,510	-	93,600
Total disbursements	133	5,043	-	-	254,964	2,379,547	-	8,510	-	314,441
Excess (deficiency) of receipts over disbursements	367	(3,237)	2,250	22,457	(391)	204,728	3,978	1,078	132,166	40,759
Cash and investments - ending	\$ 13,154	\$ 9,566	\$ 3,150	\$ 45,658	\$ 11,934	\$ 1,192,336	\$ 967,089	\$ 28,250	\$ 1,533,177	\$ 204,032

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

	Wastewater Util-Bond And Interest	Wastewater Utility- Deprec/Improve	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility- Depreciation/ Improve	Water Utility-Customer Deposit	Water Utility-Other #1	Totals
Cash and investments - beginning	\$ 59,000	\$ 73,718	\$ 104,199	\$ 164,293	\$ 37,214	\$ 38,078	\$ 12,523	\$ 53,361	\$ 5,601,461
Receipts:									
Taxes	-	-	-	21,518	-	-	-	-	736,856
Licenses and permits	-	-	-	-	-	-	-	-	2,248
Intergovernmental	-	-	-	-	-	-	-	-	230,403
Charges for services	-	-	-	-	-	-	-	-	320,748
Fines and forfeits	-	-	-	-	-	-	-	-	3,023
Utility fees	-	-	-	365,955	-	-	4,255	-	3,238,612
Penalties	-	-	-	1,654	-	-	-	-	5,101
Other receipts	93,600	-	180	1,264	49,500	145	-	5,100	562,492
Total receipts	93,600	-	180	390,391	49,500	145	4,255	5,100	5,099,483
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	557,581
Supplies	-	-	-	-	-	-	-	-	80,997
Other services and charges	-	-	-	-	-	-	-	-	292,454
Capital outlay	-	-	-	18,729	-	-	-	-	250,113
Utility operating expenses	-	-	-	236,742	-	-	-	-	2,693,140
Other disbursements	94,198	-	-	138,402	48,720	-	3,815	-	782,280
Total disbursements	94,198	-	-	393,873	48,720	-	3,815	-	4,656,565
Excess (deficiency) of receipts over disbursements	(598)	-	180	(3,482)	780	145	440	5,100	442,918
Cash and investments - ending	\$ 58,402	\$ 73,718	\$ 104,379	\$ 160,811	\$ 37,994	\$ 38,223	\$ 12,963	\$ 58,461	\$ 6,044,379

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

	General	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Ed	Parks And Recreation	Rainy Day	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development	Storm Sewer Nonreverting (Cap. Exp)	Cash Change
Cash and investments - beginning	\$ 356,015	\$ 141,679	\$ 65,906	\$ 20,391	\$ 126,815	\$ 160,260	\$ 143,292	\$ 80,337	\$ 148,774	\$ 175
Receipts:										
Taxes	339,106	162,340	-	-	70,947	-	-	17,045	-	-
Licenses and permits	9,020	-	-	830	-	-	-	-	-	-
Intergovernmental	298,293	53,542	7,285	-	4,655	-	4,485	1,120	-	-
Charges for services	183,470	1,324	-	144	6,407	-	-	10,000	-	-
Fines and forfeits	933	-	-	510	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	3,602	-	-	-	-	-	624	69	-	-
Total receipts	834,424	217,206	7,285	1,484	82,009	-	5,109	28,234	-	-
Disbursements:										
Personal services	408,924	86,919	-	-	35,153	-	-	-	-	-
Supplies	53,427	22,114	-	3,255	17,118	-	-	-	-	-
Other services and charges	199,966	16,685	-	-	7,487	-	-	-	-	-
Capital outlay	31,681	51,887	-	-	21,245	-	-	29,103	17,211	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	21,098	5,840	-	-	2,472	-	-	-	-	-
Total disbursements	715,096	183,445	-	3,255	83,475	-	-	29,103	17,211	-
Excess (deficiency) of receipts over disbursements	119,328	33,761	7,285	(1,771)	(1,466)	-	5,109	(869)	(17,211)	-
Cash and investments - ending	\$ 475,343	\$ 175,440	\$ 73,191	\$ 18,620	\$ 125,349	\$ 160,260	\$ 148,401	\$ 79,468	\$ 131,563	\$ 175

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

	Cemetery Operating	Park Donation	Ambulance/Ems Nonreverting	B & R Building Expenses	Insurance Claims	Fire Billing	Concessions (Park)	Housing Grant #1	Housing Grant #2	Cemetery Perpetual Care
Cash and investments - beginning	\$ 80,271	\$ 3,550	\$ 99,122	\$ (3,222)	\$ 4,862	\$ 5,498	\$ 2,623	\$ 8,236	\$ 3,453	\$ 43,045
Receipts:										
Taxes	-	-	37,688	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	2,474	-	-	-	-	-	-	-
Charges for services	1,560	-	64,340	5,125	-	512	1,739	-	-	10,565
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-	-	-
Other receipts	312	-	144	-	5,059	-	-	-	-	250
Total receipts	1,872	-	104,646	5,125	5,059	512	1,739	-	-	10,815
Disbursements:										
Personal services	8,353	-	44,486	-	-	-	-	-	-	-
Supplies	2,121	-	10,906	-	-	-	1,087	-	-	-
Other services and charges	7,475	-	30,692	5,226	-	-	-	-	-	8,700
Capital outlay	5,717	-	1,360	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-	-
Other disbursements	639	-	3,466	-	4,926	-	-	-	-	-
Total disbursements	24,305	-	90,910	5,226	4,926	-	1,087	-	-	8,700
Excess (deficiency) of receipts over disbursements	(22,433)	-	13,736	(101)	133	512	652	-	-	2,115
Cash and investments - ending	\$ 57,838	\$ 3,550	\$ 112,858	\$ (3,323)	\$ 4,995	\$ 6,010	\$ 3,275	\$ 8,236	\$ 3,453	\$ 45,160

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

	Ambulance Donation	Police Fund	Cemetery Foundations	TIF District 2	Payroll	Electric Utility-Operating	Electric Utility- Deprec/Improve	Electric Utility-Customer Deposit	Electric Utility-Other #1	Wastewater Utility-Operating
Cash and investments - beginning	\$ 13,154	\$ 9,566	\$ 3,150	\$ 45,658	\$ 11,934	\$ 1,192,336	\$ 967,089	\$ 28,250	\$ 1,533,177	\$ 204,032
Receipts:										
Taxes	-	-	-	21,626	-	68,225	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	3,000	-	-	-	-	-	-	-
Fines and forfeits	-	17,123	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,866,107	-	7,740	-	383,946
Penalties	-	-	-	-	-	16,064	-	-	-	-
Other receipts	870	-	-	-	247,199	8,679	3,432	94	116,355	-
Total receipts	870	17,123	3,000	21,626	247,199	2,959,075	3,432	7,834	116,355	383,946
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	213	4,776	1,350	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	84,077	-	-	-	36,490
Utility operating expenses	-	-	-	-	-	2,511,897	-	-	-	187,988
Other disbursements	-	-	-	-	248,427	102,726	-	8,345	-	93,600
Total disbursements	213	4,776	1,350	-	248,427	2,698,700	-	8,345	-	318,078
Excess (deficiency) of receipts over disbursements	657	12,347	1,650	21,626	(1,228)	260,375	3,432	(511)	116,355	65,868
Cash and investments - ending	\$ 13,811	\$ 21,913	\$ 4,800	\$ 67,284	\$ 10,706	\$ 1,452,711	\$ 970,521	\$ 27,739	\$ 1,649,532	\$ 269,900

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

	Wastewater Util-Bond And Interest	Wastewater Utility- Deprec/Improve	Wastewater Utility-Debt Reserve	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility- Depreciation/ Improve	Water Utility-Customer Deposit	Water Utility-Other #1	Totals
Cash and investments - beginning	\$ 58,402	\$ 73,718	\$ 104,379	\$ 160,811	\$ 37,994	\$ 38,223	\$ 12,963	\$ 58,461	\$ 6,044,379
Receipts:									
Taxes	-	-	-	21,928	-	-	-	-	738,905
Licenses and permits	-	-	-	-	-	-	-	-	9,850
Intergovernmental	-	-	-	-	-	-	-	-	371,854
Charges for services	-	-	-	-	-	-	-	-	288,186
Fines and forfeits	-	-	-	-	-	-	-	-	18,566
Utility fees	-	-	-	379,499	-	-	-	-	3,637,292
Penalties	-	-	-	10,725	-	-	-	-	26,789
Other receipts	93,600	-	156	-	49,500	125	3,530	1,275	534,875
Total receipts	93,600	-	156	412,152	49,500	125	3,530	1,275	5,626,317
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	583,835
Supplies	-	-	-	-	-	-	-	-	116,367
Other services and charges	-	-	-	-	-	-	-	-	276,231
Capital outlay	-	-	-	24,625	-	-	-	-	303,396
Utility operating expenses	-	-	-	195,363	-	-	-	-	2,895,248
Other disbursements	94,023	-	-	184,966	49,103	-	3,945	-	823,576
Total disbursements	94,023	-	-	404,954	49,103	-	3,945	-	4,998,653
Excess (deficiency) of receipts over disbursements	(423)	-	156	7,198	397	125	(415)	1,275	627,664
Cash and investments - ending	\$ 57,979	\$ 73,718	\$ 104,535	\$ 168,009	\$ 38,391	\$ 38,348	\$ 12,548	\$ 59,736	\$ 6,672,043

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: 1ST Source Bank	Fire Truck	\$ 29,103	09-01-08	05-01-13
Wastewater: 1ST Source Bank	Vactor	31,728	05-04-07	05-04-13
Total of annual lease payments		<u>\$ 60,831</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater: General obligation bonds	Infrastructure	\$ 510,000	\$ 93,790
Water: General obligation bonds	Infrastructure	517,000	34,558
General obligation bonds	Infrastructure	<u>208,000</u>	<u>13,880</u>
Total Water		<u>725,000</u>	<u>48,438</u>
Totals		<u>\$ 1,235,000</u>	<u>\$ 142,228</u>

TOWN OF ARGOS
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	\$ 260,000
Infrastructure	330,551
Buildings	656,907
Machinery, equipment, and vehicles	469,754
Total governmental activities	1,717,212
Electric:	
Land	34,605
Infrastructure	1,534,490
Buildings	192,114
Improvements other than buildings	69,046
Machinery, equipment, and vehicles	695,365
Total Electric	2,525,620
Wastewater:	
Land	44,685
Infrastructure	233,608
Buildings	563,199
Machinery, equipment, and vehicles	298,086
Total Wastewater	1,139,578
Water:	
Land	5,090
Infrastructure	670,427
Buildings	276,472
Machinery, equipment, and vehicles	279,346
Total Water	1,231,335
Total capital assets	\$ 6,613,745

TOWN OF ARGOS
EXAMINATION RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

We noted the following disbursements did not include supporting documentation to support the purchase:

Date	Amount	Payee	Description of Purchase
10-16-12	\$ 65.00	Indiana State Dept of Health	Shipping costs for water sample
03-01-12	783.46	Multiple	Credit card purchases
04-16-12	772.73	Multiple	Credit card purchases

Due to the lack of supporting information, we could not verify the purpose of the disbursement.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The B & R Building Fund cash balance was overdrawn by \$3,222 and \$3,323 at December 31, 2011 and December 31, 2012, respectively.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT

The Annual Report for 2011 and 2012 contained a number of errors and did not properly reflect the financial activity of the Town of Argos. The problem related to investment balances in the Annual Report that did not reflect the current balance of the investment.

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 ARGOS
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2013, with Patricia S. Jones, Clerk-Treasurer, and David Walker, Vice President of the Town Council. The Official Response has been made a part of this report and may be found on page 26.



Town of Argos
201 W Walnut St
Argos IN 46501
PH # 574-892-5717

TO: Indiana State Board of Accounts
FROM: Patricia S Jones, Argos Clerk-Treasurer
RE: Official Examination Comments Response for Fiscal Years 2011 & 2012

- 1) Supporting Documentation- The supporting documentation for the credit card purchases have been located in the credit card file. The supporting documentation for the ISDH claim was a standard form issued by ISDH for requesting and paying for the shipping of water tests. A copy was not made and the original was mailed in with the shipping payment.
- 2) Overdrawn Cash Balances- The B&R Building Fund has had a negative operating balance due to the fact that the rental revenue is not enough to offset the total costs of operation such as utilities and routine maintenance. The building is a community center that benefits several non for profit elderly and youth organizations. To rectify this matter monies from the General Fund will be transferred to the B&R Fund to create a zero balance. Once there is a zero balance the fund will be abolished through an ordinance and all future revenue and expense transactions will be through the General Fund.
- 3) Annual Report- Reporting investments and the interest earned on those investments in the online Gateway system is confusing at best. This matter will be corrected with an amendment made to the data on the 2012 Annual Report that correctly represents the interest within the cash balances of those funds affected.

Patricia S Jones


Argos Clerk-Treasurer