

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF RUSSIAVILLE

HOWARD COUNTY, INDIANA

January 1, 2011 to December 31, 2012



**FILED**  
11/21/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Linda Downey	01-01-08 to 12-31-15
President of the Town Council	Mark Fulk Jeff Lipinski	01-01-11 to 12-31-11 01-01-12 to 12-31-13
Superintendent of Water Utility	Craig Thompson	01-01-11 to 12-31-13
Superintendent of Wastewater Utility	William Whitman Matthew Armstrong	01-01-11 to 04-20-12 04-21-12 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF RUSSIAVILLE, HOWARD COUNTY, INDIANA

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

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.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

October 24, 2013

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## FINANCIAL STATEMENT

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

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TOWN OF RUSSIAVILLE  
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	\$ 33,406	\$ 294,912	\$ 293,437	\$ 34,881	\$ 356,671	\$ 336,298	\$ 55,254
Motor Vehicle Highway	14,244	72,189	73,886	12,547	95,117	79,774	27,890
Local Road And Street	22,659	9,422	-	32,081	9,771	33,227	8,625
Community Development	-	216,000	196,220	19,780	-	15,576	4,204
Law Enforcement Continuing Ed	4,126	473	1,395	3,204	1,381	-	4,585
Riverboat	1,331	6,834	-	8,165	6,481	10,952	3,694
Rainy Day	11,495	-	-	11,495	-	10,000	1,495
Cedit Special Revenue	72,718	12,088	68,735	16,071	13,541	28,600	1,012
Levy Excess	632	-	632	-	-	-	-
Cumulative Capital Development	20,534	8,167	24,807	3,894	7,249	9,100	2,043
Cumulative Capital Improvement	940	3,136	-	4,076	2,902	3,000	3,978
Donations	1,473	750	957	1,266	3,600	557	4,309
Donations #2	3,839	15,675	16,333	3,181	3,224	5,736	669
Grant Misc	-	177,551	177,551	-	-	-	-
Operation Pullover	239	-	239	-	-	-	-
Payroll	-	224,475	221,284	3,191	218,985	222,176	-
Trash Utility-Other #1	5,322	61,086	66,200	208	64,663	56,498	8,373
Wastewater Utility-Operating	4,641	143,004	145,978	1,667	249,436	250,315	788
Wastewater Util-Bond And Interest	90,569	84,855	84,855	90,569	171,106	171,106	90,569
Wastewater Utility-Deprec/Improve	-	911	911	-	770	-	770
Water Utility-Operating	3,935	181,194	183,325	1,804	194,583	195,553	834
Water Utility-Bond And Interest	43,389	112,321	114,389	41,321	88,377	94,258	35,440
Water Utility-Depreciation/Improve	310	146	-	456	165	-	621
Water Utility-Customer Deposit	4,330	-	-	4,330	-	-	4,330
Water Utility-Debt Reserve	31,529	18,852	50,381	-	15,710	8,474	7,236
Totals	<u>\$ 371,661</u>	<u>\$ 1,644,041</u>	<u>\$ 1,721,515</u>	<u>\$ 294,187</u>	<u>\$ 1,503,732</u>	<u>\$ 1,531,200</u>	<u>\$ 266,719</u>

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

TOWN OF RUSSIAVILLE  
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, storm water, and trash.

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 and 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, 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.

TOWN OF RUSSIAVILLE  
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, 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.

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 RUSSIAVILLE  
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 RUSSIAVILLE  
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 RUSSIAVILLE  
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. New London Conservancy District**

The Town signed an Interim Interlocal Cooperative Agreement with the New London Conservancy District in 2006. The agreement stated that the Town of Russiaville would manage the operation of the Sewage Works facility, including all maintenance, labor, and supplies necessary for such operation and the management of all billing and accounting functions related to the Sewage Works operation, until a plan is finalized that would allow Russiaville to acquire ownership and assume aspects of the operation of the District's sewage facility. This acquisition plan involved the dissolution of the New London Conservancy District. On September 30, 2013, this dissolution and acquisition plan took place.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the 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 RUSSIAVILLE  
 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	Community Development	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Cedit Special Revenue	Levy Excess
Cash and investments - beginning	\$ 33,406	\$ 14,244	\$ 22,659	\$ -	\$ 4,126	\$ 1,331	\$ 11,495	\$ 72,718	\$ 632
Receipts:									
Taxes	199,520	25,433	-	-	-	-	-	-	-
Licenses and permits	50	-	-	-	250	-	-	-	-
Intergovernmental	73,405	46,546	9,422	-	-	6,834	-	12,088	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	223	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	21,937	210	-	216,000	-	-	-	-	-
Total receipts	294,912	72,189	9,422	216,000	473	6,834	-	12,088	-
Disbursements:									
Personal services	80,149	34,577	-	-	-	-	-	-	-
Supplies	24,911	21,831	-	-	290	-	-	-	-
Other services and charges	139,009	3,078	-	-	-	-	-	-	-
Debt service principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	48,977	14,400	-	196,220	1,105	-	-	68,735	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	391	-	-	-	-	-	-	-	632
Total disbursements	293,437	73,886	-	196,220	1,395	-	-	68,735	632
Excess (deficiency) of receipts over disbursements	1,475	(1,697)	9,422	19,780	(922)	6,834	-	(56,647)	(632)
Cash and investments - ending	\$ 34,881	\$ 12,547	\$ 32,081	\$ 19,780	\$ 3,204	\$ 8,165	\$ 11,495	\$ 16,071	\$ -

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

	Cumulative Capital Development	Cumulative Capital Improvement	Donations	Donations #2	Grant Misc	Operation Pullover	Payroll	Trash Utility-Other #1	Wastewater Utility-Operating
Cash and investments - beginning	\$ 20,534	\$ 940	\$ 1,473	\$ 3,839	\$ -	\$ 239	\$ -	\$ 5,322	\$ 4,641
Receipts:									
Taxes	7,118	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	1,047	3,136	-	-	177,551	-	-	-	-
Charges for services	-	-	-	575	-	-	-	61,086	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	142,962
Other receipts	2	-	750	15,100	-	-	224,475	-	42
Total receipts	8,167	3,136	750	15,675	177,551	-	224,475	61,086	143,004
Disbursements:									
Personal services	-	-	-	-	-	-	221,284	-	-
Supplies	-	-	-	630	-	-	-	-	-
Other services and charges	24,807	-	957	-	-	-	-	66,200	-
Debt service principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	15,703	177,551	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	61,123
Other disbursements	-	-	-	-	-	239	-	-	84,855
Total disbursements	24,807	-	957	16,333	177,551	239	221,284	66,200	145,978
Excess (deficiency) of receipts over disbursements	(16,640)	3,136	(207)	(658)	-	(239)	3,191	(5,114)	(2,974)
Cash and investments - ending	\$ 3,894	\$ 4,076	\$ 1,266	\$ 3,181	\$ -	\$ -	\$ 3,191	\$ 208	\$ 1,667

TOWN OF RUSSIAVILLE  
 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	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 90,569	\$ -	\$ 3,935	\$ 43,389	\$ 310	\$ 4,330	\$ 31,529	\$ 371,661
Receipts:								
Taxes	-	-	-	-	-	-	-	232,071
Licenses and permits	-	-	-	-	-	-	-	300
Intergovernmental	-	-	-	-	-	-	-	330,029
Charges for services	-	-	-	-	-	-	-	61,661
Fines and forfeits	-	-	-	-	-	-	-	223
Utility fees	-	-	179,457	-	-	-	-	322,419
Other receipts	84,855	911	1,737	112,321	146	-	18,852	697,338
Total receipts	84,855	911	181,194	112,321	146	-	18,852	1,644,041
Disbursements:								
Personal services	-	-	-	-	-	-	-	336,010
Supplies	-	-	-	-	-	-	-	47,662
Other services and charges	-	-	-	-	-	-	-	234,051
Debt service principal and interest	84,835	-	-	94,258	-	-	-	179,093
Capital outlay	-	-	-	-	-	-	-	522,691
Utility operating expenses	-	911	70,213	20	-	-	32,320	164,587
Other disbursements	20	-	113,112	20,111	-	-	18,061	237,421
Total disbursements	84,855	911	183,325	114,389	-	-	50,381	1,721,515
Excess (deficiency) of receipts over disbursements	-	-	(2,131)	(2,068)	146	-	(31,529)	(77,474)
Cash and investments - ending	\$ 90,569	\$ -	\$ 1,804	\$ 41,321	\$ 456	\$ 4,330	\$ -	\$ 294,187

TOWN OF RUSSIAVILLE  
 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	Community Development	Law Enforcement Continuing Ed	Riverboat	Rainy Day	Cedit Special Revenue	Levy Excess
Cash and investments - beginning	\$ 34,881	\$ 12,547	\$ 32,081	\$ 19,780	\$ 3,204	\$ 8,165	\$ 11,495	\$ 16,071	\$ -
Receipts:									
Taxes	207,787	-	-	-	-	-	-	-	-
Licenses and permits	303	-	-	-	850	-	-	-	-
Intergovernmental	81,522	95,117	9,771	-	-	6,481	-	13,541	-
Charges for services	57,672	-	-	-	20	-	-	-	-
Fines and forfeits	-	-	-	-	511	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	9,387	-	-	-	-	-	-	-	-
Total receipts	<u>356,671</u>	<u>95,117</u>	<u>9,771</u>	<u>-</u>	<u>1,381</u>	<u>6,481</u>	<u>-</u>	<u>13,541</u>	<u>-</u>
Disbursements:									
Personal services	103,650	34,856	-	-	-	10,952	10,000	14,100	-
Supplies	23,973	-	33,227	-	-	-	-	1,000	-
Other services and charges	184,506	-	-	9,600	-	-	-	13,500	-
Debt service principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	24,169	44,918	-	5,976	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	<u>336,298</u>	<u>79,774</u>	<u>33,227</u>	<u>15,576</u>	<u>-</u>	<u>10,952</u>	<u>10,000</u>	<u>28,600</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>20,373</u>	<u>15,343</u>	<u>(23,456)</u>	<u>(15,576)</u>	<u>1,381</u>	<u>(4,471)</u>	<u>(10,000)</u>	<u>(15,059)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 55,254</u>	<u>\$ 27,890</u>	<u>\$ 8,625</u>	<u>\$ 4,204</u>	<u>\$ 4,585</u>	<u>\$ 3,694</u>	<u>\$ 1,495</u>	<u>\$ 1,012</u>	<u>\$ -</u>

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

	Cumulative Capital Development	Cumulative Capital Improvement	Donations	Donations #2	Grant Misc	Operation Pullover	Payroll	Trash Utility-Other #1	Wastewater Utility-Operating
Cash and investments - beginning	\$ 3,894	\$ 4,076	\$ 1,266	\$ 3,181	\$ -	\$ -	\$ 3,191	\$ 208	\$ 1,667
Receipts:									
Taxes	6,944	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	305	2,902	-	-	-	-	-	-	-
Charges for services	-	-	-	2,814	-	-	-	64,663	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	158,867
Other receipts	-	-	3,600	410	-	-	218,985	-	90,569
Total receipts	<u>7,249</u>	<u>2,902</u>	<u>3,600</u>	<u>3,224</u>	<u>-</u>	<u>-</u>	<u>218,985</u>	<u>64,663</u>	<u>249,436</u>
Disbursements:									
Personal services	9,100	3,000	-	-	-	-	222,176	-	-
Supplies	-	-	130	2,722	-	-	-	-	-
Other services and charges	-	-	427	3,014	-	-	-	56,498	-
Debt service principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	79,209
Other disbursements	-	-	-	-	-	-	-	-	171,106
Total disbursements	<u>9,100</u>	<u>3,000</u>	<u>557</u>	<u>5,736</u>	<u>-</u>	<u>-</u>	<u>222,176</u>	<u>56,498</u>	<u>250,315</u>
Excess (deficiency) of receipts over disbursements	<u>(1,851)</u>	<u>(98)</u>	<u>3,043</u>	<u>(2,512)</u>	<u>-</u>	<u>-</u>	<u>(3,191)</u>	<u>8,165</u>	<u>(879)</u>
Cash and investments - ending	<u>\$ 2,043</u>	<u>\$ 3,978</u>	<u>\$ 4,309</u>	<u>\$ 669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,373</u>	<u>\$ 788</u>

TOWN OF RUSSIAVILLE  
 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	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	\$ 90,569	\$ -	\$ 1,804	\$ 41,321	\$ 456	\$ 4,330	\$ -	\$ 294,187
Receipts:								
Taxes	-	-	-	-	-	-	-	214,731
Licenses and permits	-	-	-	-	-	-	-	1,153
Intergovernmental	-	-	-	-	-	-	-	209,639
Charges for services	-	-	-	-	-	-	-	125,169
Fines and forfeits	-	-	-	-	-	-	-	511
Utility fees	-	-	194,583	-	-	-	-	353,450
Other receipts	171,106	770	-	88,377	165	-	15,710	599,079
Total receipts	171,106	770	194,583	88,377	165	-	15,710	1,503,732
Disbursements:								
Personal services	-	-	-	-	-	-	-	407,834
Supplies	-	-	-	-	-	-	-	61,052
Other services and charges	-	-	-	-	-	-	-	267,545
Debt service principal and interest	103,909	-	-	94,258	-	-	-	198,167
Capital outlay	-	-	-	-	-	-	-	75,063
Utility operating expenses	-	-	91,466	-	-	-	-	170,675
Other disbursements	67,197	-	104,087	-	-	-	8,474	350,864
Total disbursements	171,106	-	195,553	94,258	-	-	8,474	1,531,200
Excess (deficiency) of receipts over disbursements	-	770	(970)	(5,881)	165	-	7,236	(27,468)
Cash and investments - ending	\$ 90,569	\$ 770	\$ 834	\$ 35,440	\$ 621	\$ 4,330	\$ 7,236	\$ 266,719

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

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
General obligation bonds	Wastewater	\$ 1,610,670	\$ 129,820
Water:			
General obligation bonds	Water	990,356	94,258
Totals		<u>\$ 2,601,026</u>	<u>\$ 224,078</u>

TOWN OF RUSSIAVILLE  
 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	\$ 350,000
Infrastructure	2,452,246
Buildings	773,756
Machinery, equipment, and vehicles	114,115
Total governmental activities	3,690,117
Trash:	
Total Trash	-
Wastewater:	
Infrastructure	2,876,915
Buildings	10,000
Total Wastewater	2,886,915
Water:	
Infrastructure	2,669,715
Total capital assets	\$ 9,246,747

TOWN OF RUSSIAVILLE  
EXAMINATION RESULTS AND COMMENTS

***CERTIFIED REPORT FILED AFTER DUE DATE***

The Town did not timely file a certified report of compensation of officers and employees (Form 100-R) with the State Board of Accounts for 2011 and 2012. The report was filed on February 27, 2012, and February 7, 2013, which is 27 and 7 days, respectively, past the due date.

Indiana Code 5-11-13-1 states in part:

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

(b) The department of local government finance may not approve the budget of a county, city, town, or township or a supplemental appropriation for a county, city, town, or township until the county, city, town, or township files an annual report under subsection (a) for the preceding calendar year."

***APPROPRIATIONS***

The records presented for examination indicated the Local Road and Street Fund expenditures were in excess of budgeted appropriations in the amount of \$1,227 for the year 2012.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

***DEPOSITS***

Receipts were deposited later than the next business day for 38 percent of receipts tested.

Indiana Code 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds."

***PENALTIES, INTEREST, AND OTHER CHARGES***

The Town paid penalties, interest, and other charges to the Indiana Department of Revenue for Withholding Tax and Sales Tax in the amounts of \$225.91 and \$141.92, respectively, because the Town did not remit payments on a timely basis.

TOWN OF RUSSIAVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

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

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

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***ERRORS ON CLAIMS***

A test of claims identified the following deficiencies with an error rate greater than 10 percent:

1. Claims were not prepared for 10 percent of disbursements tested. This error resulted in \$3,078.41 of expenditures which were not supported by a proper claim.
2. Of the claims tested, 20 percent did not have adequate supporting documentation. This error resulted in \$6,534.31 of expenditures which did not have adequate supporting documentation.
3. Of the claims tested, 30 percent did not have board approval. This error resulted in \$7,764.54 expenditures which did not have proper board approval.
4. Of the claims tested, 15 percent did not have proper approval by the fiscal officer. This error resulted in \$6,600.31 of expenditures which did not have proper approval by the fiscal officer.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

TOWN OF RUSSIAVILLE  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***ORDINANCES AND RESOLUTIONS***

The Town adopted a salary ordinance which designated the funds from which each employee should be paid; however, we noted the Town did not make the required transfers to the Payroll Fund from the designated funds.

The Water Utility has a bond ordinance concerning the funding of its Debt Service Reserve (DSR) Fund related to its Waterworks Revenue Bonds of 2004. The ordinance requires the DSR fund to accumulate a certain amount of money as a margin of safety to protect the bondholders. At December 31, 2010, the Water Utility had accumulated \$31,529 of the necessary \$94,258. During the years 2011 and 2012, the Water Utility used some of the funds it had previously accumulated in its DSR Fund, for operating purposes instead of debt service requirements. The balance in the DSR Fund at December 31, 2012, was \$7,236.

The Water and Wastewater Utilities have rate ordinances that call for late fees to be assessed on customer payments that are received after the due date. On several occasions, those late fees were not assessed on customer accounts, some of which were the accounts of public officials. The water rate ordinance also states that the Water Utility is to charge \$414.59 per public fire hydrant to the Town, as well as a \$10 customer deposit to new customers. The Water Utility has not charged these fees for several years.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***COLLECTION OF AMOUNTS DUE***

The amount of \$3,199.40 was due to the governmental unit as of December 31, 2012. The Town overpaid the Indiana Department of Revenue \$1,967.13 and the Internal Revenue Service \$1,232.27. The reason for these overpayments could not be verified during the examination.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF RUSSIAVILLE  
EXIT CONFERENCE

The contents of this report were discussed on October 24, 2013, with Linda Downey, Clerk-Treasurer, and Don Parvin, Vice President of the Town Council. The officials concurred with our findings.