

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF LINTON

GREENE COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
11/26/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	6
Notes to Financial Statement.....	7-12
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	14-21
Schedule of Leases and Debt	22
Examination Results and Comments:	
Appropriations.....	23
Errors on Claims	23
Receipt Issuance	24
Overdrawn Cash Balances.....	24
Delinquent Wastewater Accounts.....	24-25
Accountable Items	25
Bank Account Reconciliations	25
Exit Conference.....	26

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	B. Jack Shelton	01-01-12 to 12-31-15
Mayor	John A. Wilkes	01-01-12 to 12-31-15
President of the Board of Public Works	John A. Wilkes	01-01-12 to 12-31-15
President of the Common Council	Warren A. Richards Wayne F. Markle	01-01-12 to 12-31-12 01-01-13 to 12-31-13
Superintendent of Utilities	Shawn Clifford (Vacant) Brent Slover	01-01-12 to 06-11-12 06-12-12 to 07-15-12 07-16-12 to 12-31-13
Superintendent of Water Utility	W. Jeffery Lehman	01-01-12 to 12-31-13
Superintendent of Wastewater Utility	Timothy Turpin	01-01-12 to 12-31-13
Superintendent of Electric Utility	Nicholas House	01-01-12 to 12-31-13
Superintendent of Gas Utility	W. Jeffery Lehman	01-01-12 to 12-31-13
Superintendent of Sanitation Utility	Timothy Turpin	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF LINTON, GREENE COUNTY, INDIANA

We have examined the accompanying financial statement of the City of Linton (City), for the year ended December 31, 2012. The financial statement is the responsibility of the City'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 City 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 City for the year ended 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 City for the year ended 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 City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial 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

November 6, 2013

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FINANCIAL STATEMENT

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

CITY OF LINTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
GENERAL	\$ 636,343	\$ 1,683,869	\$ 2,115,568	\$ 204,644
MOTOR VEHICLE HIGHWAY	255,721	225,445	436,450	44,716
LOCAL ROAD AND STREET	88,696	22,299	60,000	50,995
LAW ENFORCEMENT CONTINUING EDUCATION	4,269	17,668	16,220	5,717
GOLF COURSE	(55,179)	528,741	490,600	(17,038)
RAINY DAY	172,619	40,390	-	213,009
CUMULATIVE CAPITAL IMPROVEMENT	80,807	14,357	-	95,164
CUMULATIVE CAPITAL DEVELOPMENT	77,311	8,131	49,617	35,825
POLICE DEPARTMENT-NEW EQUIPMENT	7,135	18,629	23,758	2,006
FIRE EQUIPMENT	1,391	5,324	1,227	5,488
POLICE PENSION	73,221	112,848	113,180	72,889
FIRE PENSION	53,706	64,704	58,728	59,682
CEMETERY	19,906	70,333	74,173	16,066
NEW FIRE STATION	(55,931)	107,460	136,000	(84,471)
SWIMMING POOL	7,523	75,127	57,268	25,382
HUMPHREY'S PARK	41,873	40,418	73,219	9,072
FIFTH STREET PROJECT	16,809	-	13,674	3,135
POLICE RESERVES	2,017	150	-	2,167
POLICE DARE PROGRAM	2,440	5,000	6,590	850
TRAILER PERMIT/INSPECTION	1,218	1,100	271	2,047
PAYROLL	26,380	4,402,955	4,387,651	41,684
ELECTRIC OPERATING	671,095	7,775,738	7,125,539	1,321,294
ELECTRIC METER DEPOSIT	233,273	59,270	43,206	249,337
ELECTRIC DEPRECIATION	970,869	3,548	96,582	877,835
IMPA GRANT	27,856	13	27,662	207
ELECTRIC CASH RESERVE	242,895	-	-	242,895
ELECTRIC IMPREST	2,200	-	-	2,200
MINER BROADBAND	116	20,326	116	20,326
SANITATION OPERATING	109,836	588,074	655,226	42,684
SANITATION DEPRECIATION	179,824	100,000	-	279,824
WASTEWATER OPERATING	142,636	1,152,342	1,083,103	211,875
WASTEWATER METER DEPOSIT	14,375	8,050	4,895	17,530
WASTEWATER DEPRECIATION	(15,758)	210,686	124,381	70,547
WASTEWATER CONSTRUCTION	226,162	149	121,800	104,511
WASTEWATER BOND AND INTEREST	264,599	514,406	779,005	-
WASTEWATER DEBT RESERVE	412,511	2,718	279,456	135,773
WASTEWATER IMPREST	600	-	-	600
WATER OPERATING	475,822	1,297,707	1,435,701	337,828
WATER METER DEPOSIT	30,903	6,240	4,380	32,763
WATER DEPRECIATION	(106,195)	365,124	124,381	134,548
WATER CONSTRUCTION	201,015	117	111,500	89,632
WATER BOND AND INTEREST	228,780	222,000	202,398	248,382
WATER DEBT RESERVE	170,478	-	-	170,478
WATER IMPREST	1,000	-	-	1,000
WATER EXPANSION	926	-	-	926
GAS OPERATING	890,473	2,199,638	1,920,494	1,169,617
GAS METER DEPOSIT	127,876	27,295	19,040	136,131
GAS DEPRECIATION	222,745	-	52,631	170,114
GAS BOND AND INTEREST	46,519	-	-	46,519
GAS DEBT RESERVE	90,891	-	-	90,891
GAS IMPREST	2,200	-	-	2,200
Totals	<u>\$ 7,324,797</u>	<u>\$ 21,998,389</u>	<u>\$ 22,325,690</u>	<u>\$ 6,997,496</u>

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

CITY OF LINTON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor 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, trash, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

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 may 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 City.

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,

CITY OF LINTON
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 may 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 City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

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

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

CITY OF LINTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Interfund Transfers

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

Note 4. Deposits and Investments

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

CITY OF LINTON
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the City 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 City 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 City 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 City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

CITY OF LINTON
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

D. 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.

CITY OF LINTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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 City 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 each fund having more expenditures than receipts available to spend.

Note 8. Holding Corporation

The City has entered into a capital lease with Linton Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year 2012 totaled \$136,000.

Note 9. Subsequent Events

The City issued \$3,692,000 in Sewage Works Revenue Bonds on February 7, 2013, for improvements to the Wastewater Utility's collection system.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City'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 Report of the City 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 City. It is presented as intended by the City.

CITY OF LINTON
 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 EDUCATION	GOLF COURSE	RAINY DAY	CUMULATIVE CAPITAL IMPROVEMENT
Cash and investments - beginning	\$ 636,343	\$ 255,721	\$ 88,696	\$ 4,269	\$ (55,179)	\$ 172,619	\$ 80,807
Receipts:							
Taxes	254,627	73,791	-	-	18,662	-	-
Licenses and permits	-	-	-	3,450	-	-	-
Intergovernmental	839,749	145,963	22,299	-	-	40,390	14,357
Charges for services	214,720	1,680	-	658	439,916	-	-
Fines and forfeits	65,982	-	-	13,160	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	308,791	4,011	-	400	70,163	-	-
Total receipts	<u>1,683,869</u>	<u>225,445</u>	<u>22,299</u>	<u>17,668</u>	<u>528,741</u>	<u>40,390</u>	<u>14,357</u>
Disbursements:							
Personal services	1,432,953	223,233	-	-	163,787	-	-
Supplies	166,512	180,958	-	16,220	214,230	-	-
Other services and charges	210,953	32,259	60,000	-	45,383	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	58,987	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	246,163	-	-	-	67,200	-	-
Total disbursements	<u>2,115,568</u>	<u>436,450</u>	<u>60,000</u>	<u>16,220</u>	<u>490,600</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(431,699)</u>	<u>(211,005)</u>	<u>(37,701)</u>	<u>1,448</u>	<u>38,141</u>	<u>40,390</u>	<u>14,357</u>
Cash and investments - ending	<u>\$ 204,644</u>	<u>\$ 44,716</u>	<u>\$ 50,995</u>	<u>\$ 5,717</u>	<u>\$ (17,038)</u>	<u>\$ 213,009</u>	<u>\$ 95,164</u>

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

	CUMULATIVE CAPITAL DEVELOPMENT	POLICE DEPARTMENT- NEW EQUIPMENT	FIRE EQUIPMENT	POLICE PENSION	FIRE PENSION	CEMETERY	NEW FIRE STATION
Cash and investments - beginning	\$ 77,311	\$ 7,135	\$ 1,391	\$ 73,221	\$ 53,706	\$ 19,906	\$ (55,931)
Receipts:							
Taxes	6,701	-	-	-	-	7,053	59,853
Licenses and permits	-	4,375	-	-	-	-	-
Intergovernmental	1,430	-	-	-	-	1,505	12,771
Charges for services	-	-	-	112,848	64,704	61,775	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	14,254	5,324	-	-	-	34,836
Total receipts	<u>8,131</u>	<u>18,629</u>	<u>5,324</u>	<u>112,848</u>	<u>64,704</u>	<u>70,333</u>	<u>107,460</u>
Disbursements:							
Personal services	-	-	-	113,180	58,728	34,778	-
Supplies	-	-	-	-	-	32,104	-
Other services and charges	-	-	-	-	-	7,291	-
Debt service - principal and interest	-	-	-	-	-	-	136,000
Capital outlay	49,617	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	23,758	1,227	-	-	-	-
Total disbursements	<u>49,617</u>	<u>23,758</u>	<u>1,227</u>	<u>113,180</u>	<u>58,728</u>	<u>74,173</u>	<u>136,000</u>
Excess (deficiency) of receipts over disbursements	<u>(41,486)</u>	<u>(5,129)</u>	<u>4,097</u>	<u>(332)</u>	<u>5,976</u>	<u>(3,840)</u>	<u>(28,540)</u>
Cash and investments - ending	<u>\$ 35,825</u>	<u>\$ 2,006</u>	<u>\$ 5,488</u>	<u>\$ 72,889</u>	<u>\$ 59,682</u>	<u>\$ 16,066</u>	<u>\$ (84,471)</u>

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

	SWIMMING POOL	HUMPHREY'S PARK	FIFTH STREET PROJECT	POLICE RESERVES	POLICE DARE PROGRAM	TRAILER PERMIT/ INSPECTION	PAYROLL
Cash and investments - beginning	\$ 7,523	\$ 41,873	\$ 16,809	\$ 2,017	\$ 2,440	\$ 1,218	\$ 26,380
Receipts:							
Taxes	-	3,527	-	-	-	-	-
Licenses and permits	-	300	-	-	-	1,100	-
Intergovernmental	7,500	377	-	-	-	-	-
Charges for services	46,041	33,529	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	21,586	2,685	-	150	5,000	-	4,402,955
Total receipts	<u>75,127</u>	<u>40,418</u>	<u>-</u>	<u>150</u>	<u>5,000</u>	<u>1,100</u>	<u>4,402,955</u>
Disbursements:							
Personal services	30,311	6,019	-	-	-	-	-
Supplies	17,835	19,592	-	-	-	-	-
Other services and charges	4,764	34,637	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	4,358	12,971	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	13,674	-	6,590	271	4,387,651
Total disbursements	<u>57,268</u>	<u>73,219</u>	<u>13,674</u>	<u>-</u>	<u>6,590</u>	<u>271</u>	<u>4,387,651</u>
Excess (deficiency) of receipts over disbursements	<u>17,859</u>	<u>(32,801)</u>	<u>(13,674)</u>	<u>150</u>	<u>(1,590)</u>	<u>829</u>	<u>15,304</u>
Cash and investments - ending	<u>\$ 25,382</u>	<u>\$ 9,072</u>	<u>\$ 3,135</u>	<u>\$ 2,167</u>	<u>\$ 850</u>	<u>\$ 2,047</u>	<u>\$ 41,684</u>

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

	ELECTRIC OPERATING	ELECTRIC METER DEPOSIT	ELECTRIC DEPRECIATION	IMPA GRANT	ELECTRIC CASH RESERVE	ELECTRIC IMPREST	MINER BROADBAND
Cash and investments - beginning	\$ 671,095	\$ 233,273	\$ 970,869	\$ 27,856	\$ 242,895	\$ 2,200	\$ 116
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	7,479,727	-	-	-	-	-	-
Other receipts	296,011	59,270	3,548	13	-	-	20,326
Total receipts	<u>7,775,738</u>	<u>59,270</u>	<u>3,548</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>20,326</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	7,007,531	43,206	96,582	-	-	-	-
Other disbursements	118,008	-	-	27,662	-	-	116
Total disbursements	<u>7,125,539</u>	<u>43,206</u>	<u>96,582</u>	<u>27,662</u>	<u>-</u>	<u>-</u>	<u>116</u>
Excess (deficiency) of receipts over disbursements	<u>650,199</u>	<u>16,064</u>	<u>(93,034)</u>	<u>(27,649)</u>	<u>-</u>	<u>-</u>	<u>20,210</u>
Cash and investments - ending	<u>\$ 1,321,294</u>	<u>\$ 249,337</u>	<u>\$ 877,835</u>	<u>\$ 207</u>	<u>\$ 242,895</u>	<u>\$ 2,200</u>	<u>\$ 20,326</u>

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

	SANITATION OPERATING	SANITATION DEPRECIATION	WASTEWATER OPERATING	WASTEWATER METER DEPOSIT	WASTEWATER DEPRECIATION	WASTEWATER CONSTRUCTION
Cash and investments - beginning	\$ 109,836	\$ 179,824	\$ 142,636	\$ 14,375	\$ (15,758)	\$ 226,162
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	1,151,564	-	-	-
Other receipts	588,074	100,000	778	8,050	210,686	149
Total receipts	<u>588,074</u>	<u>100,000</u>	<u>1,152,342</u>	<u>8,050</u>	<u>210,686</u>	<u>149</u>
Disbursements:						
Personal services	299,685	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	637,467	4,895	124,381	121,800
Other disbursements	355,541	-	445,636	-	-	-
Total disbursements	<u>655,226</u>	<u>-</u>	<u>1,083,103</u>	<u>4,895</u>	<u>124,381</u>	<u>121,800</u>
Excess (deficiency) of receipts over disbursements	<u>(67,152)</u>	<u>100,000</u>	<u>69,239</u>	<u>3,155</u>	<u>86,305</u>	<u>(121,651)</u>
Cash and investments - ending	<u>\$ 42,684</u>	<u>\$ 279,824</u>	<u>\$ 211,875</u>	<u>\$ 17,530</u>	<u>\$ 70,547</u>	<u>\$ 104,511</u>

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

	WASTEWATER BOND AND INTEREST	WASTEWATER DEBT RESERVE	WASTEWATER IMPREST	WATER OPERATING	WATER METER DEPOSIT	WATER DEPRECIATION
Cash and investments - beginning	\$ 264,599	\$ 412,511	\$ 600	\$ 475,822	\$ 30,903	\$ (106,195)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	1,273,851	-	-
Other receipts	514,406	2,718	-	23,856	6,240	365,124
Total receipts	<u>514,406</u>	<u>2,718</u>	<u>-</u>	<u>1,297,707</u>	<u>6,240</u>	<u>365,124</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	279,456	-	845,690	4,380	124,381
Other disbursements	779,005	-	-	590,011	-	-
Total disbursements	<u>779,005</u>	<u>279,456</u>	<u>-</u>	<u>1,435,701</u>	<u>4,380</u>	<u>124,381</u>
Excess (deficiency) of receipts over disbursements	<u>(264,599)</u>	<u>(276,738)</u>	<u>-</u>	<u>(137,994)</u>	<u>1,860</u>	<u>240,743</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 135,773</u>	<u>\$ 600</u>	<u>\$ 337,828</u>	<u>\$ 32,763</u>	<u>\$ 134,548</u>

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

	WATER CONSTRUCTION	WATER BOND AND INTEREST	WATER DEBT RESERVE	WATER IMPREST	WATER EXPANSION	GAS OPERATING
Cash and investments - beginning	\$ 201,015	\$ 228,780	\$ 170,478	\$ 1,000	\$ 926	\$ 890,473
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,167,197
Other receipts	117	222,000	-	-	-	32,441
Total receipts	<u>117</u>	<u>222,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,199,638</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	111,500	-	-	-	-	1,920,494
Other disbursements	-	202,398	-	-	-	-
Total disbursements	<u>111,500</u>	<u>202,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,920,494</u>
Excess (deficiency) of receipts over disbursements	<u>(111,383)</u>	<u>19,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,144</u>
Cash and investments - ending	<u>\$ 89,632</u>	<u>\$ 248,382</u>	<u>\$ 170,478</u>	<u>\$ 1,000</u>	<u>\$ 926</u>	<u>\$ 1,169,617</u>

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

	GAS METER DEPOSIT	GAS DEPRECIATION	GAS BOND AND INTEREST	GAS DEBT RESERVE	GAS IMPREST	TOTALS
Cash and investments - beginning	\$ 127,876	\$ 222,745	\$ 46,519	\$ 90,891	\$ 2,200	\$ 7,324,797
Receipts:						
Taxes	-	-	-	-	-	424,214
Licenses and permits	-	-	-	-	-	9,225
Intergovernmental	-	-	-	-	-	1,086,341
Charges for services	-	-	-	-	-	975,871
Fines and forfeits	-	-	-	-	-	79,142
Utility fees	-	-	-	-	-	12,072,339
Other receipts	27,295	-	-	-	-	7,351,257
Total receipts	<u>27,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,998,389</u>
Disbursements:						
Personal services	-	-	-	-	-	2,362,674
Supplies	-	-	-	-	-	647,451
Other services and charges	-	-	-	-	-	395,287
Debt service - principal and interest	-	-	-	-	-	136,000
Capital outlay	-	-	-	-	-	125,933
Utility operating expenses	19,040	52,631	-	-	-	11,393,434
Other disbursements	-	-	-	-	-	7,264,911
Total disbursements	<u>19,040</u>	<u>52,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,325,690</u>
Excess (deficiency) of receipts over disbursements	<u>8,255</u>	<u>(52,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(327,301)</u>
Cash and investments - ending	<u>\$ 136,131</u>	<u>\$ 170,114</u>	<u>\$ 46,519</u>	<u>\$ 90,891</u>	<u>\$ 2,200</u>	<u>\$ 6,997,496</u>

CITY OF LINTON
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	NEW FIRE STATION	\$ 1,310,000	\$ 132,000
Wastewater:			
Revenue bonds	WASTEWATER UTILITY	-	-
Water:			
Revenue bonds	WATER UTILITY	1,930,000	135,000
Totals		<u>\$ 3,240,000</u>	<u>\$ 267,000</u>

CITY OF LINTON
EXAMINATION RESULTS AND COMMENTS

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
Swimming Pool	2012	\$ 5,405
New Fire Station	2012	59,122
Park	2012	23,522
Golf Course	2012	38,401

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."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period.

1. Some claims did not document a breakdown of expenditures between funds.
2. Some claims were paid without supporting documentation or an invoice.
3. Some claims were paid from a billing statement without supporting documentation.

A similar comment has appeared in prior reports.

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."

CITY OF LINTON
EXAMINATION RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE (Applies to Sunset Park)

Receipts for camping fees at Sunset Park were not written when monies were received by the custodian of the park. A similar comment appeared in the prior report.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The financial statement presented in this report included the following funds with overdrawn cash balances at December 31, 2012.

<u>Fund</u>	<u>Amount Overdrawn</u>
Golf Course	\$ 17,038
New Fire Station	84,471

A similar comment has appeared in prior reports.

The cash 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)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. A similar comment has appeared in prior reports.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

CITY OF LINTON
EXAMINATION RESULTS AND COMMENTS
(Continued)

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May."

ACCOUNTABLE ITEMS (Applies to Utilities and Swimming Pool)

A comparison of utility deposits to daily cash collection reports documented numerous cash shorts and longs during the examination period. The net cash short for the year 2012 at December 31, 2012, was \$438.27. Utility officials should always ensure that daily collections equal deposits made and differences should be investigated and corrected timely.

A comparison of swimming pool daily cash collection reports and deposits with detailed cash register tapes documented numerous cash shorts and longs during the examination period. Pool managers should always ensure that daily collection reports and deposits made equal detailed cash register tapes. Differences should be investigated and corrected timely. A similar comment has appeared in prior reports.

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)

BANK ACCOUNT RECONCILIATIONS (Applies to Utilities)

Depository reconciliations of the meter deposit petty cash fund balance to the meter deposit bank account balance were conducted; however, the reconciliation did not balance as of December 31, 2012.

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

CITY OF LINTON
EXIT CONFERENCE

The contents of this report were discussed on November 6, 2013, with John A. Wilkes, Mayor; Wayne F. Markle, President of the Common Council; B. Jack Shelton, Clerk-Treasurer; David W. Sisk, Utilities Controller; and Brent Slover, General Manager of Utilities. The officials concurred with our findings.