

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF YORKTOWN

DELAWARE COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
12/05/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Beth A. Neff	01-01-12 to 12-31-15
President of the Town Council	Robert Ratchford	01-01-12 to 12-31-13
Town Manager	Pete Olson	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF YORKTOWN, DELAWARE COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Yorktown (Town), for the year ended 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 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 Town for the year ended December 31, 2012, on the basis of accounting described in Note 1.

INDEPENDENT ACCOUNTANT'S REPORT
(Continued)

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

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.


Paul D. Joyce, CPA
State Examiner

November 14, 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.

TOWN OF YORKTOWN
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	\$ 60,118	\$ 2,400,616	\$ 2,123,987	\$ 336,747
MVH	237,196	991,860	712,757	516,299
LRS	100,465	198,677	79,295	219,847
Law Enforcement Continuing Ed	31,673	7,572	26,644	12,601
Clerk's Records Perpetuation	32,000	11,581	13,073	30,508
Parks And Recreation	80,195	355,780	346,435	89,540
Rainy Day	287,768	257	261,111	26,914
Cumulative Capl Imprv Cigarette Tax	159,759	24,944	614	184,089
CCD	133,617	56,057	30,951	158,723
RDC TIF #2	269,381	53,961	106,725	216,617
RDC TIF #3	18,716	29,629	8,430	39,915
Cum Fire Equipment	580,105	46,899	30,548	596,456
Cemetery Operating	178,102	300	164,828	13,574
Donations	290	-	-	290
Dare	198	-	-	198
Excess Levy Fund	711	-	-	711
Economic Develop Area 1	215,156	333,509	105,866	442,799
Court Cost Due County	-	79,220	74,272	4,948
User Fee - Local Law Enf Con Ed	12,197	18,752	19,304	11,645
Edit Fund	429,402	750,029	1,179,431	-
Economic Develop Area 2	147,013	-	-	147,013
River Rd Trail Project	-	55,149	48,735	6,414
Payroll	14,560	1,602,382	1,580,235	36,707
Town Court	48,128	877,884	872,900	53,112
Wastewater Utility - Operating	576,266	1,498,472	1,151,005	923,733
Park One Wastewater Utility - Operating	-	24,337	165,280	(140,943)
Wastewater Utility - Bond And Interest	92,955	308,650	222,225	179,380
Wastewater Utility - Deprec/Improve	395,044	105,680	12,849	487,875
Sewer Debt Reserve	327,050	-	-	327,050
Water Utility - Operating	869,043	1,119,790	1,049,422	939,411
Park One Water Utility - Operating	-	37,354	30,924	6,430
Water Utility - Bond And Interest	13,175	140,495	64,916	88,754
Water Utility - Deprec/Improve	127,899	24,000	-	151,899
Water Utility - Customer Deposit	19,976	6,930	8,103	18,803
Debt Service Reserve	88,050	-	-	88,050
Totals	<u>\$ 5,546,208</u>	<u>\$ 11,160,766</u>	<u>\$ 10,490,864</u>	<u>\$ 6,216,110</u>

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

TOWN OF YORKTOWN
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, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, 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 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 Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

TOWN OF YORKTOWN
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 Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

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

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

TOWN OF YORKTOWN
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

TOWN OF YORKTOWN
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

TOWN OF YORKTOWN
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

The financial statement contains one fund with a deficit in cash. This is a result of revenues not being sufficient to pay the expenses of the Park One Wastewater Utility Operating Fund.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's Annual Report information for years 2011 and later 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 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 YORKTOWN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General	MVH	LRS	Law Enforcement Continuing Ed	Clerk's Records Perpetuation	Parks And Recreation
Cash and investments - beginning	\$ 60,118	\$ 237,196	\$ 100,465	\$ 31,673	\$ 32,000	\$ 80,195
Receipts:						
Taxes	1,078,526	703,546	128,423	-	-	313,967
Licenses and permits	6,555	-	-	4,900	-	625
Intergovernmental	424,475	279,264	70,254	-	-	35,976
Charges for services	460,527	300	-	750	-	5,062
Fines and forfeits	145,132	-	-	1,922	11,572	-
Utility fees	-	-	-	-	-	-
Other receipts	285,401	8,750	-	-	9	150
Total receipts	<u>2,400,616</u>	<u>991,860</u>	<u>198,677</u>	<u>7,572</u>	<u>11,581</u>	<u>355,780</u>
Disbursements:						
Personal services	1,098,425	212,182	-	-	-	63,088
Supplies	49,714	115,225	-	1,936	5,002	17,738
Other services and charges	948,023	131,435	-	24,148	7,808	176,090
Debt service - principal and interest	-	33,915	-	-	-	89,413
Capital outlay	22,797	220,000	79,295	560	263	106
Utility operating expenses	-	-	-	-	-	-
Other disbursements	5,028	-	-	-	-	-
Total disbursements	<u>2,123,987</u>	<u>712,757</u>	<u>79,295</u>	<u>26,644</u>	<u>13,073</u>	<u>346,435</u>
Excess (deficiency) of receipts over disbursements	<u>276,629</u>	<u>279,103</u>	<u>119,382</u>	<u>(19,072)</u>	<u>(1,492)</u>	<u>9,345</u>
Cash and investments - ending	<u>\$ 336,747</u>	<u>\$ 516,299</u>	<u>\$ 219,847</u>	<u>\$ 12,601</u>	<u>\$ 30,508</u>	<u>\$ 89,540</u>

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

	Rainy Day	Cumulative Capl Imprv Cigarette Tax	CCD	RDC TIF #2	RDC TIF #3	Cum Fire Equipment
Cash and investments - beginning	\$ 287,768	\$ 159,759	\$ 133,617	\$ 269,381	\$ 18,716	\$ 580,105
Receipts:						
Taxes	-	-	50,550	53,961	29,629	42,035
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	24,944	5,444	-	-	4,498
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	257	-	63	-	-	366
Total receipts	<u>257</u>	<u>24,944</u>	<u>56,057</u>	<u>53,961</u>	<u>29,629</u>	<u>46,899</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	261,111	614	5,661	750	750	-
Debt service - principal and interest	-	-	-	105,975	-	-
Capital outlay	-	-	25,290	-	7,680	30,548
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>261,111</u>	<u>614</u>	<u>30,951</u>	<u>106,725</u>	<u>8,430</u>	<u>30,548</u>
Excess (deficiency) of receipts over disbursements	<u>(260,854)</u>	<u>24,330</u>	<u>25,106</u>	<u>(52,764)</u>	<u>21,199</u>	<u>16,351</u>
Cash and investments - ending	<u>\$ 26,914</u>	<u>\$ 184,089</u>	<u>\$ 158,723</u>	<u>\$ 216,617</u>	<u>\$ 39,915</u>	<u>\$ 596,456</u>

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

	Cemetery Operating	Donations	Dare	Excess Levy Fund	Economic Develop Area 1	Court Cost Due County
Cash and investments - beginning	\$ 178,102	\$ 290	\$ 198	\$ 711	\$ 215,156	\$ -
Receipts:						
Taxes	-	-	-	-	333,474	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	300	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	79,220
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	35	-
Total receipts	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,509</u>	<u>79,220</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	164,828	-	-	-	750	-
Debt service - principal and interest	-	-	-	-	105,116	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	74,272
Total disbursements	<u>164,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,866</u>	<u>74,272</u>
Excess (deficiency) of receipts over disbursements	<u>(164,528)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,643</u>	<u>4,948</u>
Cash and investments - ending	<u>\$ 13,574</u>	<u>\$ 290</u>	<u>\$ 198</u>	<u>\$ 711</u>	<u>\$ 442,799</u>	<u>\$ 4,948</u>

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

	User Fee - Local	Edit Fund	Economic Develop Area 2	River Rd Trail Project	Payroll	Town Court
	Law Enf Con Ed					
Cash and investments - beginning	\$ 12,197	\$ 429,402	\$ 147,013	\$ -	\$ 14,560	\$ 48,128
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	18,752	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	750,029	-	55,149	1,602,382	877,884
Total receipts	18,752	750,029	-	55,149	1,602,382	877,884
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	1,175,080	-	48,735	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	4,351	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	19,304	-	-	-	1,580,235	872,900
Total disbursements	19,304	1,179,431	-	48,735	1,580,235	872,900
Excess (deficiency) of receipts over disbursements	(552)	(429,402)	-	6,414	22,147	4,984
Cash and investments - ending	\$ 11,645	\$ -	\$ 147,013	\$ 6,414	\$ 36,707	\$ 53,112

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

	Wastewater Utility - Operating	Park One Wastewater Utility - Operating	Wastewater Utility - Bond And Interest	Wastewater Utility - Deprec/Improve	Sewer Debt Reserve	Water Utility - Operating
Cash and investments - beginning	\$ 576,266	\$ -	\$ 92,955	\$ 395,044	\$ 327,050	\$ 869,043
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	1,308,874	24,337	-	-	-	992,257
Other receipts	<u>189,598</u>	<u>-</u>	<u>308,650</u>	<u>105,680</u>	<u>-</u>	<u>127,533</u>
Total receipts	<u>1,498,472</u>	<u>24,337</u>	<u>308,650</u>	<u>105,680</u>	<u>-</u>	<u>1,119,790</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	222,225	-	-	5,062
Utility operating expenses	826,939	165,280	-	12,849	-	748,898
Other disbursements	<u>324,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,462</u>
Total disbursements	<u>1,151,005</u>	<u>165,280</u>	<u>222,225</u>	<u>12,849</u>	<u>-</u>	<u>1,049,422</u>
Excess (deficiency) of receipts over disbursements	<u>347,467</u>	<u>(140,943)</u>	<u>86,425</u>	<u>92,831</u>	<u>-</u>	<u>70,368</u>
Cash and investments - ending	<u>\$ 923,733</u>	<u>\$ (140,943)</u>	<u>\$ 179,380</u>	<u>\$ 487,875</u>	<u>\$ 327,050</u>	<u>\$ 939,411</u>

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

	Park One Water Utility - Operating	Water Utility - Bond And Interest	Water Utility - Deprec/Improve	Water Utility - Customer Deposit	Debt Service Reserve	Totals
Cash and investments - beginning	\$ -	\$ 13,175	\$ 127,899	\$ 19,976	\$ 88,050	\$ 5,546,208
Receipts:						
Taxes	-	-	-	-	-	2,734,111
Licenses and permits	-	-	-	-	-	12,080
Intergovernmental	-	-	-	-	-	844,855
Charges for services	-	-	-	-	-	466,939
Fines and forfeits	-	-	-	-	-	256,598
Utility fees	37,354	-	-	-	-	2,362,822
Other receipts	-	140,495	24,000	6,930	-	4,483,361
Total receipts	37,354	140,495	24,000	6,930	-	11,160,766
Disbursements:						
Personal services	-	-	-	-	-	1,373,695
Supplies	-	-	-	-	-	189,615
Other services and charges	-	-	-	-	-	2,945,783
Debt service - principal and interest	-	-	-	-	-	334,419
Capital outlay	-	-	-	-	-	618,177
Utility operating expenses	30,924	-	-	-	-	1,784,889
Other disbursements	-	64,916	-	8,103	-	3,244,286
Total disbursements	30,924	64,916	-	8,103	-	10,490,864
Excess (deficiency) of receipts over disbursements	6,430	75,579	24,000	(1,173)	-	669,902
Cash and investments - ending	\$ 6,430	\$ 88,754	\$ 151,899	\$ 18,803	\$ 88,050	\$ 6,216,110

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 6,631	\$ 58,152
Water	7,997	25,289
Governmental activities	<u>7,362</u>	<u>49,998</u>
Totals	<u>\$ 21,990</u>	<u>\$ 133,439</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Old National Bank	Police Cars	\$ <u>12,102</u>	07-15-09	01-15-13

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Sports Park Development	\$ 1,425,000	\$ 110,025
General obligation bonds	Sports Park Development Gov't Buildings	1,690,000	155,210
General obligation bonds	Downtown Revitalization	<u>1,265,000</u>	<u>108,215</u>
Total governmental activities		<u>4,380,000</u>	<u>373,450</u>
Wastewater:			
Revenue bonds	Expand WWTP Plant	245,000	136,913
Revenue bonds	Sewer Lines to CR	<u>3,195,000</u>	<u>175,175</u>
Total Wastewater		<u>3,440,000</u>	<u>312,088</u>
Water:			
Revenue bonds	Refunding Water Works Bonds of 2010	<u>736,600</u>	<u>129,860</u>
Total Water		<u>736,600</u>	<u>129,860</u>
Totals		<u>\$ 8,556,600</u>	<u>\$ 815,398</u>

TOWN OF YORKTOWN
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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,132,734
Infrastructure	6,813,700
Buildings	2,671,176
Improvements other than buildings	3,027,926
Machinery, equipment, and vehicles	2,239,648
Construction in progress	<u>5,576</u>
Total governmental activities	<u>15,890,760</u>
Water:	
Land	115,611
Infrastructure	5,662,926
Buildings	78,996
Improvements other than buildings	1,359,690
Machinery, equipment, and vehicles	<u>627,452</u>
Total Water	<u>7,844,675</u>
Wastewater:	
Land	116,111
Infrastructure	11,326,192
Buildings	2,115,116
Improvements other than buildings	4,652,366
Machinery, equipment, and vehicles	<u>1,301,997</u>
Total Wastewater	<u>19,511,782</u>
Total capital assets	<u>\$ 43,247,217</u>

OTHER REPORT

The annual examination report presented herein was prepared in addition to another official report prepared for the individual Town office listed below:

Street Department

TOWN OF YORKTOWN
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Report for 2012 contained a number of errors and did not properly reflect the financial activity of the Town of Yorktown. Bank reconciliations were not complete at the time the Annual Report was filed. Adjustments were made to the Annual Report based on correct bank reconciliations performed after the filing of the annual report.

Adjustments to the financial statement have been made with the approval of the Clerk-Treasurer.

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."

OVERDRAWN CASH BALANCE

The financial statement presented in this report included the following fund with an overdrawn cash balance at end of examination period:

<u>Fund</u>	<u>Amount Overdrawn</u>
Park One Wastewater Utility - Operating	<u>\$ 140,943</u>

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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations contained errors and therefore did not balance.

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."

TOWN OF YORKTOWN
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2013, with Beth A. Neff, Clerk-Treasurer; Robert Ratchford, President of the Town Council; and Pete Olson, Town Manager. The Official Response has been made a part of this report and may be found on page 26.

TOWN OF YORKTOWN, INC.

BETH A. NEFF • CLERK-TREASURER

November 7, 2013

State Board of Accounts,

The Town of Yorktown recently had an audit of the 2012 financials. As a result of that audit I feel that it is necessary to respond.

The issues found in the audit were:

#1: The Park One Waterwater Fund is overdrawn \$140,943 at the end of 2012. This utility was purchased by the Town of Yorktown. When purchased the council stated that the current customers would not have to pay the bills for this utility. I set up a separate fund to be able to track revenue and appropriations for this utility. The \$140,943 reflects that the Yorktown Wastewater/Sewer utility has paid this amount towards the debts/expenses for the Park One utility.

#2: Errors in bank reconciliation occurred due to some changes that were made using an out-sourced vendor for payroll. The payroll is now done in-house where there is control over the paperwork.

During the 2011-2012 rollover there was a change in staffing and this required training of the new employees, software changes were implemented and year-end duties are time consuming creating errors.

Sincerely,



Beth Neff
Clerk-Treasurer
Town of Yorktown
Yorktown, IN 47396