

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF ROCKVILLE
PARKE COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED
07/18/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Darrell L. Smiley Stephany M. Dowd	01-01-12 to 04-13-12 04-14-12 to 12-31-15
President of the Town Council	Debra Winn Liddy Dowd-Wright Dr. Steven G. Waltz	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROCKVILLE, PARKE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Rockville (Town), which comprises the financial position and results of operations for the period of January 1, 2012 to December 31, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2012 to December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2012 to December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2014, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, 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 auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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

May 13, 2014



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE TOWN OF ROCKVILLE, PARKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Town of Rockville (Town), which comprises the financial position and results of operations for the period of January 1, 2012 to December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated May 13, 2014, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 and 2013-003 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

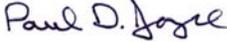
As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002 and 2013-003.

Town of Rockville's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 13, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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 ROCKVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
GENERAL FUND	\$ 227,480	\$ 771,767	\$ 466,187	\$ 533,060	\$ 625,499	\$ 568,783	\$ 589,776
MOTOR VEHICLE HIGHWAY	105,323	88,702	109,766	84,259	233,825	161,488	156,596
LOCAL ROAD & STREET	50,988	8,861	-	59,849	7,947	20,000	47,796
OCCUPANT PROTECTION	-	-	-	-	1,980	2,097	(117)
LAW ENF CONT ED	630	348	288	690	420	400	710
UNSAFE BUILDING	738	-	-	738	-	-	738
PARK & RECREATION	37,562	68,002	34,510	71,054	1,558	12,608	60,004
RAINY DAY	8,491	-	-	8,491	-	6,960	1,531
K9 DONATIONS	637	1,155	1,541	251	642	455	438
LEVY EXCESS FUND	48,476	642	39,963	9,155	-	-	9,155
CUM CAP IMPROVEMENT	128,849	40,199	33,000	136,048	7,248	-	143,296
CUM CAP DEVELOPMENT	135,079	17,954	60,404	92,629	13,588	22,667	83,550
CAPITAL IMPROVEMENT PLAN	-	65,339	-	65,339	47,467	37,315	75,491
PUBLIC SAFETY	154,840	66,655	107,770	113,725	56,217	94,787	75,155
CEMETERY (OPERATING)	(6,551)	122,558	88,271	27,736	85,792	20,825	92,703
CEMETERY PERM MAINTENANCE	41,891	105	244	41,752	71	-	41,823
DOWNTOWN PLANNING	(1,282)	2,564	-	1,282	-	-	1,282
STORM CLEAN UP	1,056	-	-	1,056	-	-	1,056
SWIMMING POOL	63,595	24,985	58,624	29,956	23,464	8,440	44,980
PARK SPECIAL DONATION	2,847	2,000	4,717	130	-	-	130
POLICE MISCELLANEOUS	30,632	2,016	119	32,529	2,789	-	35,318
URBAN DEVELOPMENT	48,865	-	-	48,865	-	-	48,865
SELF-INSURANCE PEKIN	9,905	-	9,905	-	-	-	-
PAYROLL-NET	-	643,116	643,116	-	644,965	644,965	-
PAYROLL FEDERAL	(19,099)	72,627	72,627	(19,099)	80,205	80,205	(19,099)
PAYROLL FICA W/H	-	104,225	88,789	15,436	111,298	111,309	15,425
PAYROLL MEDICARE W/H	(68)	24,759	24,759	(68)	26,032	26,023	(59)
PAYROLL STATE & CO W/H	10,144	46,836	50,014	6,966	52,656	48,950	10,672
PAYROLL PERF W/H	31,814	27,224	99,016	(39,978)	29,159	83,307	(94,126)
PAYROLL-GROUP INS IACT	8,345	18,309	13,665	12,989	24,076	22,279	14,786
PAY/GROUPINSPRINFIN-125	1,083	-	-	1,083	-	-	1,083
PAYROLL/MISCELLANEOUS	9	-	-	9	-	-	9
PAYROLL/BASICFLEX	86	-	-	86	-	-	86
PAY/BANKERSLIFE-125	996	-	-	996	-	-	996
PAY/PRINCIPAL FINANCIAL	2,447	-	-	2,447	-	-	2,447
PAY/PEKINEMPLOYEEWHHT	31,761	-	-	31,761	-	-	31,761

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

TOWN OF ROCKVILLE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2012 and 2013
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
PAY/EMPLOYEE VOLPERFWTHH	6,285	-	-	6,285	-	-	6,285
PAY/PEKINSNONEMPLOYEE	6,926	3,390	4,421	5,895	-	-	5,895
PAY-AFLAC	731	8,890	8,814	807	9,068	9,405	470
PAY-ANNUITY LIFE REASSURA	74	208	176	106	208	192	122
PAY-CREDIT UNION	515	1,300	1,200	615	1,300	1,400	515
PAY-COURT GARNISHMENT	494	9,876	9,196	1,174	19,812	19,472	1,514
LIGHT	1,159,691	3,062,913	3,066,384	1,156,220	3,084,492	2,967,740	1,272,972
LIGHT CASH RESERVE	413,286	702	-	413,988	1,278	-	415,266
LIGHT DEPRECIATION	389,351	1,505	-	390,856	828	-	391,684
LIGHT METER DEPOSIT	233,705	17,513	11,940	239,278	18,043	21,398	235,923
STREETLIGHT CONSTRUCTION	(12,297)	12,297	-	-	-	-	-
STORMWATER CONSTRUCTION	670,000	597,195	672,623	594,572	-	10,896	583,676
STORMWATER OPERATING	173,970	83,269	218,764	38,475	82,265	80,189	40,551
STORMWATER B & I	-	57,412	57,412	-	58,242	58,242	-
WASTEWATER OPERATING	152,756	956,629	825,650	283,735	979,341	868,437	394,639
WASTEWATER BOND & INT	1,211	2,925	-	4,136	-	-	4,136
WASTEWATER DEBT RESERVE	948	-	-	948	-	-	948
WASTEWATER IMPROVEMENT	67,021	-	-	67,021	-	-	67,021
SEWER PROJ RETAINAGE	(3,917)	13,075	-	9,158	-	-	9,158
SEWR CONST/STATE MONEY	1,680	58,274	58,274	1,680	-	-	1,680
WATER OPERATING	412,622	889,086	688,070	613,638	741,194	661,653	693,179
WATER BOND & INTEREST	134	9	-	143	-	-	143
WATER DEBT RESERVE	1,673	419	-	2,092	284	-	2,376
WATER METER DEPOSIT	39,478	6,620	3,112	42,986	6,865	5,771	44,080
WATER IMPROVEMENT	286,392	-	-	286,392	-	-	286,392
BONY WASTEWATER BOND AND INTEREST	181,530	274,501	248,084	207,947	320,700	249,973	278,674
BONY WASTEWATER DEBT RESERVE	284,436	-	-	284,436	-	-	284,436
BONY WASTEWATER CONSTRUCTION	-	141,001	141,001	-	4,341	4,341	-
BONY WATER BOND AND INTEREST	21,354	186,415	30,184	177,585	186,415	175,309	188,691
BONY WATER DEBT RESERVE	186,416	-	-	186,416	-	-	186,416
RETAINAGE - SMALL WILSON	28,400	-	28,400	-	-	-	-
STORMWATER DEBT RESERVE	-	62,612	-	62,612	6	-	62,618
Totals	\$ 5,862,434	\$ 8,668,984	\$ 8,081,000	\$ 6,450,418	\$ 7,591,580	\$ 7,108,281	\$ 6,933,717

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

TOWN OF ROCKVILLE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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 ROCKVILLE
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.

TOWN OF ROCKVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 ROCKVILLE
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 Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF ROCKVILLE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Those funds are: Occupant Protection, Payroll Federal, Payroll Medicare W/H, and Payroll PERF W/H. This is a result of expenditures exceeding revenues.

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

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

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

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	OCCUPANT PROTECTION	LAW ENF CONT ED	UNSAFE BUILDING	PARK & RECREATION	RAINY DAY	K9 DONATIONS
Cash and investments - beginning	\$ 227,480	\$ 105,323	\$ 50,988	\$ -	\$ 630	\$ 738	\$ 37,562	\$ 8,491	\$ 637
Receipts:									
Taxes	246,608	18,701	-	-	-	-	38,323	-	-
Licenses and permits	1,715	-	-	-	-	-	-	-	-
Intergovernmental	329,452	63,113	8,166	-	-	-	6,446	-	-
Charges for services	13,050	6,888	-	-	348	-	-	-	-
Fines and forfeits	140	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	180,802	-	695	-	-	-	23,233	-	1,155
Total receipts	<u>771,767</u>	<u>88,702</u>	<u>8,861</u>	<u>-</u>	<u>348</u>	<u>-</u>	<u>68,002</u>	<u>-</u>	<u>1,155</u>
Disbursements:									
Personal services	307,547	64,176	-	-	-	-	-	-	-
Supplies	4,165	21,701	-	-	288	-	2,646	-	1,541
Other services and charges	54,275	13,313	-	-	-	-	10,647	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	5,831	-	-	-	-	9,199	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	100,200	4,745	-	-	-	-	12,018	-	-
Total disbursements	<u>466,187</u>	<u>109,766</u>	<u>-</u>	<u>-</u>	<u>288</u>	<u>-</u>	<u>34,510</u>	<u>-</u>	<u>1,541</u>
Excess (deficiency) of receipts over disbursements	<u>305,580</u>	<u>(21,064)</u>	<u>8,861</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>33,492</u>	<u>-</u>	<u>(386)</u>
Cash and investments - ending	<u>\$ 533,060</u>	<u>\$ 84,259</u>	<u>\$ 59,849</u>	<u>\$ -</u>	<u>\$ 690</u>	<u>\$ 738</u>	<u>\$ 71,054</u>	<u>\$ 8,491</u>	<u>\$ 251</u>

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

	LEVY EXCESS FUND	CUM CAP IMPROVEMENT	CUM CAP DEVELOPMENT	CAPITAL IMPROVEMENT PLAN	PUBLIC SAFETY	CEMETERY (OPERATING)	CEMETERY PERM MAINTENANCE	DOWNTOWN PLANNING	STORM CLEAN UP
Cash and investments - beginning	\$ 48,476	\$ 128,849	\$ 135,079	\$ -	\$ 154,840	\$ (6,551)	\$ 41,891	\$ (1,282)	\$ 1,056
Receipts:									
Taxes	-	-	12,672	-	-	50,383	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	39,914	2,132	-	-	8,475	-	-	-
Charges for services	-	-	-	-	-	63,700	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	642	285	3,150	65,339	66,655	-	105	2,564	-
Total receipts	642	40,199	17,954	65,339	66,655	122,558	105	2,564	-
Disbursements:									
Personal services	-	-	-	-	-	44,130	-	-	-
Supplies	-	-	164	-	47,693	1,782	244	-	-
Other services and charges	-	-	1,282	-	29,064	8,836	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	8,047	-	5,227	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	39,963	33,000	50,911	-	25,786	33,523	-	-	-
Total disbursements	39,963	33,000	60,404	-	107,770	88,271	244	-	-
Excess (deficiency) of receipts over disbursements	(39,321)	7,199	(42,450)	65,339	(41,115)	34,287	(139)	2,564	-
Cash and investments - ending	\$ 9,155	\$ 136,048	\$ 92,629	\$ 65,339	\$ 113,725	\$ 27,736	\$ 41,752	\$ 1,282	\$ 1,056

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

	SWIMMING POOL	PARK SPECIAL DONATION	POLICE MISCELLANEOUS	URBAN DEVELOPMENT	SELF-INSURANCE PEKIN	PAYROLL-NET	PAYROLL FEDERAL	PAYROLL FICA W/H	PAYROLL MEDICARE W/H
Cash and investments - beginning	\$ 63,595	\$ 2,847	\$ 30,632	\$ 48,865	\$ 9,905	\$ -	\$ (19,099)	\$ -	\$ (68)
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	1,640	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	22,793	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	217	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	2,192	2,000	159	-	-	643,116	72,627	104,225	24,759
Total receipts	<u>24,985</u>	<u>2,000</u>	<u>2,016</u>	<u>-</u>	<u>-</u>	<u>643,116</u>	<u>72,627</u>	<u>104,225</u>	<u>24,759</u>
Disbursements:									
Personal services	30,956	-	-	-	-	643,116	-	-	-
Supplies	13,109	4,717	-	-	-	-	-	-	-
Other services and charges	9,412	-	119	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	5,147	-	-	-	9,905	-	72,627	88,789	24,759
Total disbursements	<u>58,624</u>	<u>4,717</u>	<u>119</u>	<u>-</u>	<u>9,905</u>	<u>643,116</u>	<u>72,627</u>	<u>88,789</u>	<u>24,759</u>
Excess (deficiency) of receipts over disbursements	<u>(33,639)</u>	<u>(2,717)</u>	<u>1,897</u>	<u>-</u>	<u>(9,905)</u>	<u>-</u>	<u>-</u>	<u>15,436</u>	<u>-</u>
Cash and investments - ending	<u>\$ 29,956</u>	<u>\$ 130</u>	<u>\$ 32,529</u>	<u>\$ 48,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,099)</u>	<u>\$ 15,436</u>	<u>\$ (68)</u>

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

	PAYROLL STATE & CO W/H	PAYROLL PERF W/H	PAYROLL-GROUP INS IACT	PAY/GROUP INSRINFIN-125	PAYROLL/ MISCELLANEOUS	PAYROLL/ BASICFLEX	PAY/ BANKERS LIFE-125	PAY/ PRINCIPAL FINANCIAL	PAY/PEKIN EMPLOYEE WHHT
Cash and investments - beginning	\$ 10,144	\$ 31,814	\$ 8,345	\$ 1,083	\$ 9	\$ 86	\$ 996	\$ 2,447	\$ 31,761
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	46,836	27,224	18,309	-	-	-	-	-	-
Total receipts	46,836	27,224	18,309	-	-	-	-	-	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	50,014	99,016	13,665	-	-	-	-	-	-
Total disbursements	50,014	99,016	13,665	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(3,178)	(71,792)	4,644	-	-	-	-	-	-
Cash and investments - ending	\$ 6,966	\$ (39,978)	\$ 12,989	\$ 1,083	\$ 9	\$ 86	\$ 996	\$ 2,447	\$ 31,761

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

	PAY/ EMPLOYEE VOLPERFWTHH	PAY/PEKIN SNONE EMPLOYEE	PAY-AFLAC	PAY-ANNUITY LIFE REASSURA	PAY-CREDIT UNION	PAY-COURT GARNISHMENT	LIGHT CASH RESERVE	LIGHT DEPRECIATION	
Cash and investments - beginning	\$ 6,285	\$ 6,926	\$ 731	\$ 74	\$ 515	\$ 494	\$ 1,159,691	\$ 413,286	\$ 389,351
Receipts:									
Taxes	-	-	-	-	-	-	160,630	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	2,870,783	-	-
Other receipts	-	3,390	8,890	208	1,300	9,876	31,500	702	1,505
Total receipts	-	3,390	8,890	208	1,300	9,876	3,062,913	702	1,505
Disbursements:									
Personal services	-	-	-	-	-	-	13,872	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	49,963	-	-
Utility operating expenses	-	-	-	-	-	-	2,938,507	-	-
Other disbursements	-	4,421	8,814	176	1,200	9,196	64,042	-	-
Total disbursements	-	4,421	8,814	176	1,200	9,196	3,066,384	-	-
Excess (deficiency) of receipts over disbursements	-	(1,031)	76	32	100	680	(3,471)	702	1,505
Cash and investments - ending	\$ 6,285	\$ 5,895	\$ 807	\$ 106	\$ 615	\$ 1,174	\$ 1,156,220	\$ 413,988	\$ 390,856

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

	LIGHT METER DEPOSIT	STREETLIGHT CONSTRUCTION	STORMWATER CONSTRUCTION	STORMWATER OPERATING	STORMWATER B & I	WASTEWATER OPERATING	WASTEWATER BOND & INT	WASTEWATER DEBT RESERVE
Cash and investments - beginning	\$ 233,705	\$ (12,297)	\$ 670,000	\$ 173,970	\$ -	\$ 152,756	\$ 1,211	\$ 948
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	17,101	-	-	83,269	-	919,257	-	-
Other receipts	412	12,297	597,195	-	57,412	37,372	2,925	-
Total receipts	<u>17,513</u>	<u>12,297</u>	<u>597,195</u>	<u>83,269</u>	<u>57,412</u>	<u>956,629</u>	<u>2,925</u>	<u>-</u>
Disbursements:								
Personal services	-	-	-	-	-	186,429	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	15,520	-	-
Debt service - principal and interest	-	-	-	-	57,412	327,792	-	-
Capital outlay	-	-	672,623	-	-	25,004	-	-
Utility operating expenses	-	-	-	76,447	-	200,795	-	-
Other disbursements	11,940	-	-	142,317	-	70,110	-	-
Total disbursements	<u>11,940</u>	<u>-</u>	<u>672,623</u>	<u>218,764</u>	<u>57,412</u>	<u>825,650</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>5,573</u>	<u>12,297</u>	<u>(75,428)</u>	<u>(135,495)</u>	<u>-</u>	<u>130,979</u>	<u>2,925</u>	<u>-</u>
Cash and investments - ending	<u>\$ 239,278</u>	<u>\$ -</u>	<u>\$ 594,572</u>	<u>\$ 38,475</u>	<u>\$ -</u>	<u>\$ 283,735</u>	<u>\$ 4,136</u>	<u>\$ 948</u>

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

	WASTEWATER IMPROVEMENT	SEWER PROJ RETAINAGE	SEWR CONST/STATE MONEY	WATER OPERATING	WATER BOND & INTEREST	WATER DEBT RESERVE	WATER METER DEPOSIT	WATER IMPROVEMENT
Cash and investments - beginning	\$ 67,021	\$ (3,917)	\$ 1,680	\$ 412,622	\$ 134	\$ 1,673	\$ 39,478	\$ 286,392
Receipts:								
Taxes	-	-	-	42,375	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	784,215	-	-	-	-
Other receipts	-	13,075	58,274	62,496	9	419	6,620	-
Total receipts	-	13,075	58,274	889,086	9	419	6,620	-
Disbursements:								
Personal services	-	-	-	99,880	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	13,933	-	-	-	-
Debt service - principal and interest	-	-	-	190,037	-	-	-	-
Capital outlay	-	-	58,274	25,650	-	-	-	-
Utility operating expenses	-	-	-	256,676	-	-	-	-
Other disbursements	-	-	-	101,894	-	-	3,112	-
Total disbursements	-	-	58,274	688,070	-	-	3,112	-
Excess (deficiency) of receipts over disbursements	-	13,075	-	201,016	9	419	3,508	-
Cash and investments - ending	\$ 67,021	\$ 9,158	\$ 1,680	\$ 613,638	\$ 143	\$ 2,092	\$ 42,986	\$ 286,392

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

	BONY WASTEWATER BOND AND INTEREST	BONY WASTEWATER DEBT RESERVE	BONY WASTEWATER CONSTRUCTION	BONY WATER BOND AND INTEREST	BONY WATER DEBT RESERVE	RETAINAGE - SMALL WILSON	STORMWATER DEBT RESERVE	Totals
Cash and investments - beginning	\$ 181,530	\$ 284,436	\$ -	\$ 21,354	\$ 186,416	\$ 28,400	\$ -	\$ 5,862,434
Receipts:								
Taxes	-	-	-	-	-	-	-	569,692
Licenses and permits	-	-	-	-	-	-	-	3,355
Intergovernmental	-	-	-	-	-	-	-	457,698
Charges for services	-	-	-	-	-	-	-	106,779
Fines and forfeits	-	-	-	-	-	-	-	357
Utility fees	-	-	-	-	-	-	-	4,674,625
Other receipts	274,501	-	141,001	186,415	-	-	62,612	2,856,478
Total receipts	274,501	-	141,001	186,415	-	-	62,612	8,668,984
Disbursements:								
Personal services	-	-	-	-	-	-	-	1,390,106
Supplies	-	-	-	-	-	-	-	98,050
Other services and charges	-	-	-	-	-	-	-	156,401
Debt service - principal and interest	248,084	-	-	30,184	-	-	-	853,509
Capital outlay	-	-	141,001	-	-	-	-	1,000,819
Utility operating expenses	-	-	-	-	-	-	-	3,472,425
Other disbursements	-	-	-	-	-	28,400	-	1,109,690
Total disbursements	248,084	-	141,001	30,184	-	28,400	-	8,081,000
Excess (deficiency) of receipts over disbursements	26,417	-	-	156,231	-	(28,400)	62,612	587,984
Cash and investments - ending	\$ 207,947	\$ 284,436	\$ -	\$ 177,585	\$ 186,416	\$ -	\$ 62,612	\$ 6,450,418

TOWN OF ROCKVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	OCCUPANT PROTECTION	LAW ENF CONT ED	UNSAFE BUILDING	PARK & RECREATION	RAINY DAY	K9 DONATIONS
Cash and investments - beginning	\$ 533,060	\$ 84,259	\$ 59,849	\$ -	\$ 690	\$ 738	\$ 71,054	\$ 8,491	\$ 251
Receipts:									
Taxes	219,225	131,228	-	-	-	-	-	-	-
Licenses and permits	1,033	-	-	-	-	-	-	-	-
Intergovernmental	308,821	93,026	7,947	-	-	-	-	-	-
Charges for services	12,950	9,571	-	-	420	-	-	-	-
Fines and forfeits	1,305	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	82,165	-	-	1,980	-	-	1,558	-	642
Total receipts	<u>625,499</u>	<u>233,825</u>	<u>7,947</u>	<u>1,980</u>	<u>420</u>	<u>-</u>	<u>1,558</u>	<u>-</u>	<u>642</u>
Disbursements:									
Personal services	374,460	82,912	-	2,097	-	-	-	-	-
Supplies	3,607	52,799	20,000	-	400	-	3,834	-	455
Other services and charges	56,957	11,081	-	-	-	-	6,950	6,960	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	7,092	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	133,759	7,604	-	-	-	-	1,824	-	-
Total disbursements	<u>568,783</u>	<u>161,488</u>	<u>20,000</u>	<u>2,097</u>	<u>400</u>	<u>-</u>	<u>12,608</u>	<u>6,960</u>	<u>455</u>
Excess (deficiency) of receipts over disbursements	<u>56,716</u>	<u>72,337</u>	<u>(12,053)</u>	<u>(117)</u>	<u>20</u>	<u>-</u>	<u>(11,050)</u>	<u>(6,960)</u>	<u>187</u>
Cash and investments - ending	<u>\$ 589,776</u>	<u>\$ 156,596</u>	<u>\$ 47,796</u>	<u>\$ (117)</u>	<u>\$ 710</u>	<u>\$ 738</u>	<u>\$ 60,004</u>	<u>\$ 1,531</u>	<u>\$ 438</u>

TOWN OF ROCKVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	LEVY EXCESS FUND	CUM CAP IMPROVEMENT	CUM CAP DEVELOPMENT	CAPITAL IMPROVEMENT PLAN	PUBLIC SAFETY	CEMETERY (OPERATING)	CEMETERY PERM MAINTENANCE	DOWNTOWN PLANNING	STORM CLEAN UP
Cash and investments - beginning	\$ 9,155	\$ 136,048	\$ 92,629	\$ 65,339	\$ 113,725	\$ 27,736	\$ 41,752	\$ 1,282	\$ 1,056
Receipts:									
Taxes	-	-	11,672	-	-	41,388	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	6,998	1,916	-	-	6,794	-	-	-
Charges for services	-	-	-	-	-	37,100	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	-	250	-	47,467	56,217	510	71	-	-
Total receipts	-	7,248	13,588	47,467	56,217	85,792	71	-	-
Disbursements:									
Personal services	-	-	-	-	-	13,741	-	-	-
Supplies	-	-	-	-	50,795	3,010	-	-	-
Other services and charges	-	-	-	-	16,691	1,773	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	2,808	-	256	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	19,859	37,315	27,045	2,301	-	-	-
Total disbursements	-	-	22,667	37,315	94,787	20,825	-	-	-
Excess (deficiency) of receipts over disbursements	-	7,248	(9,079)	10,152	(38,570)	64,967	71	-	-
Cash and investments - ending	\$ 9,155	\$ 143,296	\$ 83,550	\$ 75,491	\$ 75,155	\$ 92,703	\$ 41,823	\$ 1,282	\$ 1,056

TOWN OF ROCKVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	SWIMMING POOL	PARK SPECIAL DONATION	POLICE MISCELLANEOUS	URBAN DEVELOPMENT	SELF-INSURANCE PEKIN	PAYROLL-NET	PAYROLL FEDERAL	PAYROLL FICA W/H	PAYROLL MEDICARE W/H
Cash and investments - beginning	\$ 29,956	\$ 130	\$ 32,529	\$ 48,865	\$ -	\$ -	\$ (19,099)	\$ 15,436	\$ (68)
Receipts:									
Taxes	18,382	-	-	-	-	-	-	-	-
Licenses and permits	-	-	2,180	-	-	-	-	-	-
Intergovernmental	3,017	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	559	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	2,065	-	50	-	-	644,965	80,205	111,298	26,032
Total receipts	<u>23,464</u>	<u>-</u>	<u>2,789</u>	<u>-</u>	<u>-</u>	<u>644,965</u>	<u>80,205</u>	<u>111,298</u>	<u>26,032</u>
Disbursements:									
Personal services	-	-	-	-	-	644,965	-	-	-
Supplies	362	-	-	-	-	-	-	-	-
Other services and charges	2,902	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	5,176	-	-	-	-	-	80,205	111,309	26,023
Total disbursements	<u>8,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,965</u>	<u>80,205</u>	<u>111,309</u>	<u>26,023</u>
Excess (deficiency) of receipts over disbursements	<u>15,024</u>	<u>-</u>	<u>2,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>9</u>
Cash and investments - ending	<u>\$ 44,980</u>	<u>\$ 130</u>	<u>\$ 35,318</u>	<u>\$ 48,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,099)</u>	<u>\$ 15,425</u>	<u>\$ (59)</u>

TOWN OF ROCKVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	PAYROLL STATE & CO W/H	PAYROLL PERF W/H	PAYROLL-GROUP INS IACT	PAY/GROUP INSRINFIN-125	PAYROLL/ MISCELLANEOUS	PAYROLL/ BASICFLEX	PAY/ BANKERS LIFE-125	PAY/ PRINCIPAL FINANCIAL	PAY/PEKIN EMPLOYEE WHHT
Cash and investments - beginning	\$ 6,966	\$ (39,978)	\$ 12,989	\$ 1,083	\$ 9	\$ 86	\$ 996	\$ 2,447	\$ 31,761
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	52,656	29,159	24,076	-	-	-	-	-	-
Total receipts	52,656	29,159	24,076	-	-	-	-	-	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	48,950	83,307	22,279	-	-	-	-	-	-
Total disbursements	48,950	83,307	22,279	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	3,706	(54,148)	1,797	-	-	-	-	-	-
Cash and investments - ending	\$ 10,672	\$ (94,126)	\$ 14,786	\$ 1,083	\$ 9	\$ 86	\$ 996	\$ 2,447	\$ 31,761

TOWN OF ROCKVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	PAY/ EMPLOYEE VOLPERFWTHH	PAY/PEKIN SNONE EMPLOYEE	PAY-AFLAC	PAY-ANNUITY LIFE REASSURA	PAY-CREDIT UNION	PAY-COURT GARNISHMENT	LIGHT CASH RESERVE	LIGHT DEPRECIATION	
Cash and investments - beginning	\$ 6,285	\$ 5,895	\$ 807	\$ 106	\$ 615	\$ 1,174	\$ 1,156,220	\$ 413,988	\$ 390,856
Receipts:									
Taxes	-	-	-	-	-	-	161,566	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	2,898,555	-	-
Other receipts	-	-	9,068	208	1,300	19,812	24,371	1,278	828
Total receipts	-	-	9,068	208	1,300	19,812	3,084,492	1,278	828
Disbursements:									
Personal services	-	-	-	-	-	-	26,038	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	40,857	-	-
Utility operating expenses	-	-	-	-	-	-	2,836,637	-	-
Other disbursements	-	-	9,405	192	1,400	19,472	64,208	-	-
Total disbursements	-	-	9,405	192	1,400	19,472	2,967,740	-	-
Excess (deficiency) of receipts over disbursements	-	-	(337)	16	(100)	340	116,752	1,278	828
Cash and investments - ending	\$ 6,285	\$ 5,895	\$ 470	\$ 122	\$ 515	\$ 1,514	\$ 1,272,972	\$ 415,266	\$ 391,684

TOWN OF ROCKVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	LIGHT METER DEPOSIT	STREETLIGHT CONSTRUCTION	STORMWATER CONSTRUCTION	STORMWATER OPERATING	STORMWATER B & I	WASTEWATER OPERATING	WASTEWATER BOND & INT	WASTEWATER DEBT RESERVE
Cash and investments - beginning	\$ 239,278	\$ -	\$ 594,572	\$ 38,475	\$ -	\$ 283,735	\$ 4,136	\$ 948
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	17,705	-	-	82,265	-	965,421	-	-
Other receipts	338	-	-	-	58,242	13,920	-	-
Total receipts	<u>18,043</u>	<u>-</u>	<u>-</u>	<u>82,265</u>	<u>58,242</u>	<u>979,341</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	-	-	-	-	-	186,105	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	19,147	-	-
Debt service - principal and interest	-	-	-	-	58,242	346,425	-	-
Capital outlay	-	-	10,896	-	-	38,014	-	-
Utility operating expenses	-	-	-	73,575	-	197,589	-	-
Other disbursements	21,398	-	-	6,614	-	81,157	-	-
Total disbursements	<u>21,398</u>	<u>-</u>	<u>10,896</u>	<u>80,189</u>	<u>58,242</u>	<u>868,437</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,355)</u>	<u>-</u>	<u>(10,896)</u>	<u>2,076</u>	<u>-</u>	<u>110,904</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 235,923</u>	<u>\$ -</u>	<u>\$ 583,676</u>	<u>\$ 40,551</u>	<u>\$ -</u>	<u>\$ 394,639</u>	<u>\$ 4,136</u>	<u>\$ 948</u>

TOWN OF ROCKVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	WASTEWATER IMPROVEMENT	SEWER PROJ RETAINAGE	SEWR CONST/STATE MONEY	WATER OPERATING	WATER BOND & INTEREST	WATER DEBT RESERVE	WATER METER DEPOSIT	WATER IMPROVEMENT
Cash and investments - beginning	\$ 67,021	\$ 9,158	\$ 1,680	\$ 613,638	\$ 143	\$ 2,092	\$ 42,986	\$ 286,392
Receipts:								
Taxes	-	-	-	38,476	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	694,129	-	-	-	-
Other receipts	-	-	-	8,589	-	284	6,865	-
Total receipts	-	-	-	741,194	-	284	6,865	-
Disbursements:								
Personal services	-	-	-	151,418	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	19,739	-	-	-	-
Debt service - principal and interest	-	-	-	186,415	-	-	-	-
Capital outlay	-	-	-	73,875	-	-	-	-
Utility operating expenses	-	-	-	173,467	-	-	-	-
Other disbursements	-	-	-	56,739	-	-	5,771	-
Total disbursements	-	-	-	661,653	-	-	5,771	-
Excess (deficiency) of receipts over disbursements	-	-	-	79,541	-	284	1,094	-
Cash and investments - ending	\$ 67,021	\$ 9,158	\$ 1,680	\$ 693,179	\$ 143	\$ 2,376	\$ 44,080	\$ 286,392

TOWN OF ROCKVILLE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	BONY WASTEWATER BOND AND INTEREST	BONY WASTEWATER DEBT RESERVE	BONY WASTEWATER CONSTRUCTION	BONY WATER BOND AND INTEREST	BONY WATER DEBT RESERVE	RETAINAGE - SMALL WILSON	STORMWATER DEBT RESERVE	Totals
Cash and investments - beginning	\$ 207,947	\$ 284,436	\$ -	\$ 177,585	\$ 186,416	\$ -	\$ 62,612	\$ 6,450,418
Receipts:								
Taxes	-	-	-	-	-	-	-	621,937
Licenses and permits	-	-	-	-	-	-	-	3,213
Intergovernmental	-	-	-	-	-	-	-	428,519
Charges for services	-	-	-	-	-	-	-	60,041
Fines and forfeits	-	-	-	-	-	-	-	1,864
Utility fees	-	-	-	-	-	-	-	4,658,075
Other receipts	320,700	-	4,341	186,415	-	-	6	1,817,931
Total receipts	320,700	-	4,341	186,415	-	-	6	7,591,580
Disbursements:								
Personal services	-	-	-	-	-	-	-	1,481,736
Supplies	-	-	-	-	-	-	-	135,262
Other services and charges	-	-	-	-	-	-	-	142,200
Debt service - principal and interest	249,973	-	-	175,309	-	-	-	1,016,364
Capital outlay	-	-	4,341	-	-	-	-	178,139
Utility operating expenses	-	-	-	-	-	-	-	3,281,268
Other disbursements	-	-	-	-	-	-	-	873,312
Total disbursements	249,973	-	4,341	175,309	-	-	-	7,108,281
Excess (deficiency) of receipts over disbursements	70,727	-	-	11,106	-	-	6	483,299
Cash and investments - ending	\$ 278,674	\$ 284,436	\$ -	\$ 188,691	\$ 186,416	\$ -	\$ 62,618	\$ 6,933,717

TOWN OF ROCKVILLE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Rockville Light Utility	\$ 2,069	\$ 240,394
Rockville Stormwater Utility	-	9,237
Rockville Sewer Utility	14,610	85,834
Rockville Water Utility	7,601	72,132
Totals	\$ 24,280	\$ 407,597

TOWN OF ROCKVILLE
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
First Financial Bank	Electric Equipment Lease	\$ 23,862	11-22-11	11-22-18
First Financial Bank	Water Equipment Lease	<u>46,575</u>	11-22-11	11-22-18
Total governmental activities		<u>70,437</u>		
Total of annual lease payments		<u>\$ 70,437</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Firehouse Construction	<u>\$ 114,548</u>	<u>\$ 19,452</u>
Rockville Stormwater Utility:			
Revenue bonds	Stormwater Construction Project	<u>792,549</u>	<u>57,952</u>
Rockville Sewer Utility:			
Revenue bonds	Sewer Works Revenue Bonds 2000	1,051,091	166,482
Revenue bonds	Sewer Works Revenue Bonds 2010	<u>2,439,470</u>	<u>83,134</u>
Total Rockville Sewer Utility		<u>3,490,561</u>	<u>249,616</u>
Rockville Water Utility:			
Revenue bonds	Waterworks Revenue Bond 2003	<u>1,598,000</u>	<u>175,120</u>
Totals		<u>\$ 5,995,658</u>	<u>\$ 502,140</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE TOWN OF ROCKVILLE, PARKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Town of Rockville's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of January 1, 2012 to December 31, 2013. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Basis for Qualified Opinion on CDBG – State-Administered CDBG Cluster

As described in item 2013-006 in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding Equipment and Real Property Management that are applicable to its CDBG – State-Administered CDBG Cluster. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

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

Qualified Opinion on CDBG – State-Administered CDBG Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CDBG – State-Administered Cluster for the period of January 1, 2012 to December 31, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-005 and 2013-007. Our opinion on the major federal program is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-004 to be material weaknesses.

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

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 13, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

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TOWN OF ROCKVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended December 31, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-12	Total Federal Awards Expended 12-31-13
<u>Department of Housing and Urban Development</u>					
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Stormwater Grant	Indiana Office of Community and Rural Affairs	14.228	CF-11-117	\$ 509,393	\$ -
Total - CDBG - State-Administered CDBG Cluster				<u>509,393</u>	<u>-</u>
Total - Department of Housing and Urban Development				<u>509,393</u>	<u>-</u>
<u>Department of Transportation</u>					
Highway Safety Cluster State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	D3-14-8195	-	900
Occupant Protection Incentive Grants Occupant Protection	Indiana Criminal Justice Institute	20.602	D3-13-7991	-	1,080
Total - Highway Safety Cluster				<u>-</u>	<u>1,980</u>
Total - Department of Transportation				<u>-</u>	<u>1,980</u>
<u>Environmental Protection Agency</u>					
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458	WW09106102	70,501	4,341
Total - Environmental Protection Agency				<u>70,501</u>	<u>4,341</u>
Total federal awards expended				<u>\$ 579,894</u>	<u>\$ 6,321</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF ROCKVILLE
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF ROCKVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Program:

_____ Name of Federal Program or Cluster _____

CDBG - State-Administered CDBG Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements (including payroll), and cash and investment balances. The Town has one cash drawer which is used by all three employees in the office. A Cash Summary report is printed at the end of the day but no one reviews the report to make sure it matches

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

- the deposit made for the day except for the person preparing the deposit. The Payroll Clerk processes payroll from start to finish without anyone reviewing it. The Clerk-Treasurer prepares the reconciliation but no one reviews it. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
 3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FINDING 2013-002 - COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

During the audit of the financial statement, we noted the following omissions:

The following funds, which are material to the financial statement, were not included:

BONY Wastewater Bond and Interest, BONY Wastewater Debt Reserve, BONY Wastewater Construction, BONY Water Bond and Interest, BONY Water Debt Reserve, Storm water Debt Reserve and Retainage - Small Wilson.

The ending balances of these funds totaled \$918,996 at December 31, 2012, and \$1,000,835 at December 31, 2013.

Audit adjustments were proposed, accepted by the Town, and made to the financial statement presented in this report. These adjustments resulted in a presentation of the financial statement that is materially correct.

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

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

***FINDING 2013-003 - INTERNAL CONTROL AND COMPLIANCE
OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The Town has not designed a proper system of internal control, which would include segregation of duties, related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The Clerk-Treasurer independently prepares the SEFA for inclusion in the financial report without oversight, review, or approval. A lack of segregation of duties within an internal control system could allow material misstatements of the SEFA to remain undetected. A proper system of internal controls would include segregation of duties by having a proper oversight, review, or approval process and would allow the Town to prevent, or detect and correct, errors on the SEFA in a timely manner.

During the audit of the SEFA, we noted the following errors: The Capitalization Grants for Clean Water State Revolving Funds was omitted from the schedule. The State and Community Highway Safety grant and the Occupant Protection Incentive Grant were combined. The CFDA number, program name, pass-through entity and identifying number shown did not match either included grant. Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

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

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

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-11-117
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the Town has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements that have a direct and material effect to the program:

Activities Allowed/Unallowed and Allowable Costs/Cost Principles - One of four pay applications was approved by the governing body even though the check was written to the wrong vendor. This had already been discovered and reported to the Clerk-Treasurer by the grant administrator. According to the grant budget, only the construction expenses should be paid from the grant. Engineering and grant administration should have been paid from local match. Also, the supporting documentation for the claim did not match the payee. The governing body should review supporting documentation and ensure that payments are made in accordance with the grant budget.

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

Cash Management - Reimbursement claims were signed by the billing clerk, but she did not compare the amounts reported to supporting documentation.

Davis-Bacon - Monitoring of wages was done by the grant administrator, but there was no control in place to ensure compliance.

Equipment and Real Property Management - Capital asset records are not maintained, a physical inventory has not been performed, and there are no controls over additions or deletions.

Matching, Level of Effort, and Earmarking - There is no monitoring of local match, except by the grant administrator.

Period of Availability - Except for the grant administrator, no one at the Town is knowledgeable about the period of availability.

Procurement, Suspension, and Debarment - Except for the grant administrator, the Town personnel have no understanding of the suspension or debarment standards. Decisions affecting this grant are made in the Stormwater Board meetings. Minutes were not available for those meetings and it is unclear whether or not the meetings were properly conducted, advertised, or documented.

Reporting - Reports are prepared by the grant administrator and signed by the Council President. The reports do not always include supporting documentation and the ones that did include supporting documentation did not include any documentation of the local match.

Special Tests and Provisions - Except for the grant administrator, Town personnel have no knowledge of the special tests and provisions requirements. It is assumed that the Stormwater Board was present at the public hearings, but there is no evidence of that.

The failure to establish an effective internal control system places the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the Town.

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2013-005 - CASH MANAGEMENT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-11-117
Pass-Through Entity: Indiana Office of Community and Rural Affairs

The Town failed to make payment number three within five days of the reimbursement. The reimbursement was deposited via EFT into the Town's account on June 6, 2012. The unit receipted the funds into their records on June 27, 2012. The check written to the contractor was dated June 14, 2012, which is six business days after the reimbursement was deposited. The check number immediately preceding the check to the contractor was dated June 25, 2012, and the check immediately following the check to the contractor was dated June 28, 2012.

Indiana CDBG Handbook section 6.5 states in part:

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

Failure to comply with grant requirements could cause the Town to be ineligible for future funding. Any interest earned on funding left in the Town's bank account should be remitted to the pass-through agency.

We recommended that the unit implement procedures to ensure that EFT's are posted timely and that the related payments to contractors are prompt.

FINDING 2013-006 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-11-117
Pass-Through Entity: Indiana Office of Community and Rural Affairs

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

Capital asset records have not been updated since 2010. No system exists to provide separated identification for items acquired with federal and nonfederal funds.

24 CFR 85.32(d) states in part:

- "(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory must be taken and the results reconciled with the property records at least once every two years."

Failure to maintain detailed and accurate equipment and property records could result in assets being lost, stolen, misappropriated, or disposed of improperly.

We recommended that the Town officials ensure that assets acquired with federal funds be designated as such so that they are not disposed of improperly.

FINDING 2013-007 - REPORTING

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-11-117
Pass-Through Entity: Indiana Office of Community and Rural Affairs

The Semiannual Report due January 31, 2013, had one section of the report, "Leveraging Funds," that was not accurate. That section was not updated from the prior Semiannual Report.

The Indiana CDBG Handbook, Section 10, states in part:

"A critical Grant Administrator responsibility is to maintain a complete set of records documenting the project and the compliance with all applicable regulations, and to provide timely reporting on the project. . . .

Files should, to the extent possible, be maintained in a central location. Financial records, supporting documents, statistical records and all other records pertinent to a grant must be retained until 3 years after OCRA closes the grant year from which funds were allocated with the U.S. Department of Housing and Urban Development (HUD).

The submission of timely reports is essential for compliance with the Grant Agreement. Grantees are ineligible to apply for and receive other grants, as long as they have overdue reports. Grantees will not be allowed to drawdown funds if they have overdue reports.

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

Semi-Annual Reports providing updates on the status of the project must be submitted by the Grantee. The reporting periods and due dates are as follows:

1. For the period of January 1 through June 30 the report is due no later than July 31.
2. For the period of July 1 through December 31 the report is due no later than January 31.

The semi-annual reporting requirement begins when the Grantee receives a copy of the fully-executed Grant Agreement from Grant Support and continues until the Grantee has reached Financial and Administrative closeout of the grant. The Semi-Annual Report is available as Reporting Form 1.

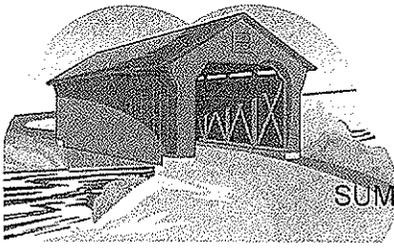
Claim Vouchers will not be processed and no additional funds will be awarded if Semi-Annual Reports are delinquent."

Inaccurate reporting could prevent the Town from receiving future reimbursements and could cause the Town to make incorrect decisions.

We recommended that the Town implement verification procedures, so that errors will be detected prior to submission of the report.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the Town. The documents are presented as intended by the Town.



Town of Rockville, IN

103 West High St.

P.O. Box 143

Rockville, IN 47872

The Heart of Parke County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-2, Internal Controls Over All Applicable Compliance Requirements for Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii and Capitalization Grants for Clean Water State Revolving Funds

Original SBA Audit Report Number:	B40843
Fiscal Year	FY2009 & 2010
Auditee Contact Person	Stephany Dowd
Title of Contact Person	Clerk-Treasurer
Phone Number	765-569-6253
Status of Finding:	<u>NO CHANGES</u>

Finding Number 2011-3, Cash Management (CDBG)

Original SBA Audit Report Number:	B40843
Fiscal Year	FY2009 & 2010
Auditee Contact Person	Stephany Dowd
Title of Contact Person	Clerk-Treasurer
Phone Number	765-569-6253
Status of Finding:	<u>no changes</u>

Finding Number 2011-4, Procurement (CDBG)

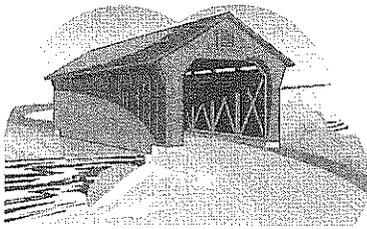
Original SBA Audit Report Number:	B40843
Fiscal Year	FY2009 & 2010
Auditee Contact Person	Stephany Dowd
Title of Contact Person	Clerk-Treasurer
Phone Number	765-569-6253
Status of Finding:	<u>repaid \$1,250</u>

to pass - through agency which corrected the finding.

Finding Number 2011-5, Reporting (CDBG)

Original SBA Audit Report Number:	B40843
Fiscal Year	FY2009 & 2010
Auditee Contact Person	Stephany Dowd
Title of Contact Person	Clerk-Treasurer
Phone Number	765-569-6253
Status of Finding:	<u>no changes</u>

Signature: Stephany Dowd
 Date: 4/22/14



Town of Rockville, IN

103 West High St.
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The heart of Parke County

TOWN OF ROCKVILLE CORRECTIVE ACTION PLAN

FINDING 2012-001, - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures by to increase internal controls over financial transactions and reporting.

FINDING 2012-002, - COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures by to increase compliance over financial transactions and reporting.

FINDING 2012-003, - INTERNAL CONTROL AND COMPLIANCE OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures by to control and compliance over schedule of expenditures of federal grants.

FINDING 2013-004. INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants\State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: CF-11-117

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures for internal controls and compliance requirements.

FINDING 2013-005. CASH MANAGEMENT

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants\State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: CF-11-117

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures for cash management.

FINDING 2013-006, EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants\State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: CF-11-117

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures for equipment and real property management for federal awards.

FINDING 2013-007, REPORTING

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants\State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: CF-11-117

Contact Person: Stephany Dowd
Title of Contact Person: Clerk-Treasurer
Phone Number: 765-569-6253
Expected Completion Date: May 12, 2014

Corrective Action: Implementing corrective action measures for the management of reporting to the federal agency for federal awards.

SIGN *Stephany M Dowd*
TITLE Clerk-Treasurer
DATE May 12, 2014

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the Town. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.