

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF CUMBERLAND

MARION AND HANCOCK COUNTIES, INDIANA

January 1, 2013 to December 31, 2013



FILED
04/20/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	6
Notes to Financial Statement.....	7-11
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	14-23
Schedule of Payables and Receivables	24
Schedule of Leases and Debt	25
Schedule of Capital Assets.....	26
Other Report	27
Examination Results and Comments:	
Annual Financial Report	28
Bank Account Reconciliations - Combined Bank Reconciliation.....	28
Official Bond	28-29
Penalties, Interest, and Other Charges	29
Exit Conference.....	30
Official Response	31

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Grace Heck (Vacant) Erica Salmon	01-01-11 to 11-28-14 11-29-14 to 11-30-14 12-01-14 to 12-31-15
President of the Town Council	Mark Reynold Joe Siefker	01-01-13 to 08-20-13 08-21-13 to 12-31-15
Director of Utilities	Steve Yagleski	01-01-13 to 12-31-15
Town Manager	(Vacant) Andrew Klinger	01-01-13 to 06-30-13 07-01-13 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CUMBERLAND, MARION AND HANCOCK COUNTIES, INDIANA

We have examined the accompanying financial statement of the Town of Cumberland (Town), for the year ended December 31, 2013. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement based on our examination.

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

As discussed in Note 1, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2013.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2013, on the basis of accounting described in Note 1.

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

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

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

January 22, 2015

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

TOWN OF CUMBERLAND
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
GENERAL	\$ 2,368,980	\$ 2,113,606	\$ 2,508,549	\$ 1,974,037
MOTOR VEHICLE HIGHWAY	1,283,397	473,137	424,452	1,332,082
LOCAL ROAD AND STREET	193,721	62,743	239,781	16,683
CANINE DRUG/ALCOHOL	1,617	2,817	1,982	2,452
LAW ENFORCE CONT ED	7,207	3,907	4,241	6,873
PARK & RECREATION	216,169	292,795	338,617	170,347
FARMERS MARKET OPERATING	-	218	-	218
RAINY DAY	426,590	-	24,460	402,130
ECONOMIC DEV INCOME TAX	33,921	-	33,921	-
FIRE PROTECTION SERVICE	-	165,000	165,000	-
LAW ENFORCEMENT-OTHER	157,389	133,708	150,320	140,777
SELF FUNDED INSURANCE	74,161	839,410	447,833	465,738
TOWN COURT	11,770	79,932	85,790	5,912
COURT COSTS	1,194	11,510	8,585	4,119
RIVERBOAT REV SHARING	213,508	30,621	12,132	231,997
LOIT - PUBLIC SAFETY	986,367	346,156	701,431	631,092
SALES TAX COLLECTED	214	17,823	17,794	243
LAW-DONATIONS-SCHOLARSHIP	4,361	3,500	3,000	4,861
CRIME CONTROL	5,100	-	5,100	-
STATE GRANT	143,233	22,063	-	165,296
GENERAL OBLIGATION 2009	9,335	161,861	155,398	15,798
LEASE RENTAL PAYMENT	1,100	-	-	1,100
GENERAL PROJECT FUND	9,924	1	2,970	6,955
PAYROLL OPERATING	657	10	122	545
PAYROLL-NET SALARIES	121	116,174	103,092	13,203
PAYROLL-FEDERAL W/H	(12)	190,151	190,151	(12)
PAYROLL-FICA W/H	(491)	175,137	175,234	(588)
PAYROLL/MEDICARE	(115)	40,960	40,960	(115)
PAYROLL/STATE W/H	4,109	51,437	50,501	5,045
PAYROLL/COUNTY W/H	1,729	21,399	21,365	1,763
PAYROLL/PERF	160	-	10,628	(10,468)
PAYROLL-PERF-RETIREMENT	10,170	46,277	45,955	10,492
PAYROLL/AFLAC	58	3,609	3,612	55
PAYROLL/FOP DUES	1,012	4,050	4,063	999
PAYROLL/GROUP INSURANCE	4,272	25,161	14,879	14,554
PAYROLL/POLICE & FIRE INS	-	3,787	3,787	-
PAYROLL-INS DENTAL	1,061	470	-	1,531
P/R/DEF COMP/USCM/PEBSO	-	2,600	2,600	-
HEALTH SAVINGS ACCOUNT	-	19,162	19,162	-
PAYROLL/INS VISION	(152)	1,634	1,440	42
PAYROLL-MEDICAL FLEX	(1,260)	-	-	(1,260)
PAYROLL-VOL LIFE INSURANCE	(647)	4,102	3,907	(452)
DIRECT DEPOSIT	-	844,190	844,190	-
PAYROLL/MISC DEDUCTION	-	706	706	-
PAYROLL-REIM BY EMPLOYEE	126	281	-	407
STRMWATER UTIL OPERATING	147,351	183,228	151,877	178,702
STRMWATER DEPRECIATION	-	9,475	-	9,475
STRMWATER CONSTR IN PRO	-	15,025	15,025	-
SEWER OPERATING	1,022,715	1,468,340	1,536,881	954,174
GEM SANI UTL DEPRECIATION	-	87,500	-	87,500
SEWER DEPRECIATION	59,523	175,000	130,963	103,560
SEWER BOND & INTEREST	168,498	505,316	503,950	169,864
SEWER CONS IN PROG-INTERC	54,250	-	-	54,250
GEM SANI UTL OPERATING	279,009	836,222	699,459	415,772
GEM SANI UTL BND & INT	54,994	136,463	135,957	55,500
SRF DSR HELD BY AGENT - SEWER	673,240	-	-	673,240
WATER UTL OPERATING	61,013	256,904	239,791	78,126
WATER UTL DEPRECIATION	-	56,342	56,342	-
WATER UTL BOND & INTERE	42,318	65,424	72,015	35,727
SRF DSR HELD BY AGENT - WATER	75,444	-	-	75,444
Totals	<u>\$ 8,808,411</u>	<u>\$ 10,107,344</u>	<u>\$ 10,409,970</u>	<u>\$ 8,505,785</u>

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

TOWN OF CUMBERLAND
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 CUMBERLAND
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 CUMBERLAND
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 CUMBERLAND
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 a cost-sharing 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF CUMBERLAND
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. This is a result of timing related to the payroll funds.

(This page intentionally left blank.)

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 Report of the Town which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

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

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	CANINE DRUG/ALCOHOL	LAW ENFORCE CONT ED	PARK & RECREATION	FARMERS MARKET OPERATING
Cash and investments - beginning	\$ 2,368,980	\$ 1,283,397	\$ 193,721	\$ 1,617	\$ 7,207	\$ 216,169	\$ -
Receipts:							
Taxes	839,408	212,712	-	-	-	261,633	-
Licenses and permits	12,080	75	-	-	2,845	1,720	-
Intergovernmental	786,807	233,178	62,520	-	-	26,285	-
Charges for services	61,788	-	-	-	1,062	610	-
Fines and forfeits	13,274	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	400,249	27,172	223	2,817	-	2,547	218
Total receipts	<u>2,113,606</u>	<u>473,137</u>	<u>62,743</u>	<u>2,817</u>	<u>3,907</u>	<u>292,795</u>	<u>218</u>
Disbursements:							
Personal services	1,361,424	116,803	-	-	-	149,939	-
Supplies	200,577	49,304	-	1,982	-	15,116	-
Other services and charges	527,048	197,676	-	-	4,241	171,036	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	14,552	60,669	239,781	-	-	2,429	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	404,948	-	-	-	-	97	-
Total disbursements	<u>2,508,549</u>	<u>424,452</u>	<u>239,781</u>	<u>1,982</u>	<u>4,241</u>	<u>338,617</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(394,943)</u>	<u>48,685</u>	<u>(177,038)</u>	<u>835</u>	<u>(334)</u>	<u>(45,822)</u>	<u>218</u>
Cash and investments - ending	<u>\$ 1,974,037</u>	<u>\$ 1,332,082</u>	<u>\$ 16,683</u>	<u>\$ 2,452</u>	<u>\$ 6,873</u>	<u>\$ 170,347</u>	<u>\$ 218</u>

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

	RAINY DAY	ECONOMIC DEV INCOME TAX	FIRE PROTECTION SERVICE	LAW ENFORCEMENT- OTHER	SELF FUNDED INSURANCE	TOWN COURT
Cash and investments - beginning	\$ 426,590	\$ 33,921	\$ -	\$ 157,389	\$ 74,161	\$ 11,770
Receipts:						
Taxes	-	-	147,929	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	17,071	1,879	-	-
Charges for services	-	-	-	543	-	-
Fines and forfeits	-	-	-	131,286	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	839,410	79,932
Total receipts	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>133,708</u>	<u>839,410</u>	<u>79,932</u>
Disbursements:						
Personal services	-	-	-	-	347,823	-
Supplies	-	-	-	5,518	-	-
Other services and charges	24,460	33,921	165,000	12,688	10	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	100,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	32,114	100,000	85,790
Total disbursements	<u>24,460</u>	<u>33,921</u>	<u>165,000</u>	<u>150,320</u>	<u>447,833</u>	<u>85,790</u>
Excess (deficiency) of receipts over disbursements	<u>(24,460)</u>	<u>(33,921)</u>	<u>-</u>	<u>(16,612)</u>	<u>391,577</u>	<u>(5,858)</u>
Cash and investments - ending	<u>\$ 402,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,777</u>	<u>\$ 465,738</u>	<u>\$ 5,912</u>

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

	COURT COSTS	RIVERBOAT REV SHARING	LOIT - PUBLIC SAFETY	SALES TAX COLLECTED	LAW- DONATIONS- SCHOLARSHIP	CRIME CONTROL
Cash and investments - beginning	\$ 1,194	\$ 213,508	\$ 986,367	\$ 214	\$ 4,361	\$ 5,100
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	30,621	332,866	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	6,454	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	5,056	-	13,290	17,823	3,500	-
Total receipts	<u>11,510</u>	<u>30,621</u>	<u>346,156</u>	<u>17,823</u>	<u>3,500</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	501,431	-	3,000	5,100
Debt service - principal and interest	-	12,132	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	8,585	-	200,000	17,794	-	-
Total disbursements	<u>8,585</u>	<u>12,132</u>	<u>701,431</u>	<u>17,794</u>	<u>3,000</u>	<u>5,100</u>
Excess (deficiency) of receipts over disbursements	<u>2,925</u>	<u>18,489</u>	<u>(355,275)</u>	<u>29</u>	<u>500</u>	<u>(5,100)</u>
Cash and investments - ending	<u>\$ 4,119</u>	<u>\$ 231,997</u>	<u>\$ 631,092</u>	<u>\$ 243</u>	<u>\$ 4,861</u>	<u>\$ -</u>

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

	STATE GRANT	GENERAL OBLIGATION 2009	LEASE RENTAL PAYMENT	GENERAL PROJECT FUND	PAYROLL OPERATING	PAYROLL-NET SALARIES
Cash and investments - beginning	\$ 143,233	\$ 9,335	\$ 1,100	\$ 9,924	\$ 657	\$ 121
Receipts:						
Taxes	-	146,090	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	22,063	14,670	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,101	-	1	10	116,174
Total receipts	<u>22,063</u>	<u>161,861</u>	<u>-</u>	<u>1</u>	<u>10</u>	<u>116,174</u>
Disbursements:						
Personal services	-	-	-	-	-	103,092
Supplies	-	-	-	-	-	-
Other services and charges	-	1,100	-	40	-	-
Debt service - principal and interest	-	154,298	-	-	-	-
Capital outlay	-	-	-	2,930	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	122	-
Total disbursements	<u>-</u>	<u>155,398</u>	<u>-</u>	<u>2,970</u>	<u>122</u>	<u>103,092</u>
Excess (deficiency) of receipts over disbursements	<u>22,063</u>	<u>6,463</u>	<u>-</u>	<u>(2,969)</u>	<u>(112)</u>	<u>13,082</u>
Cash and investments - ending	<u>\$ 165,296</u>	<u>\$ 15,798</u>	<u>\$ 1,100</u>	<u>\$ 6,955</u>	<u>\$ 545</u>	<u>\$ 13,203</u>

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

	PAYROLL- FEDERAL W/H	PAYROLL-FICA W/H	PAYROLL/ MEDICARE	PAYROLL/ STATE W/H	PAYROLL/ COUNTY W/H	PAYROLL/PERF
Cash and investments - beginning	\$ (12)	\$ (491)	\$ (115)	\$ 4,109	\$ 1,729	\$ 160
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	190,151	175,137	40,960	51,437	21,399	-
Total receipts	<u>190,151</u>	<u>175,137</u>	<u>40,960</u>	<u>51,437</u>	<u>21,399</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	190,151	175,234	40,960	50,501	21,365	10,628
Total disbursements	<u>190,151</u>	<u>175,234</u>	<u>40,960</u>	<u>50,501</u>	<u>21,365</u>	<u>10,628</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(97)</u>	<u>-</u>	<u>936</u>	<u>34</u>	<u>(10,628)</u>
Cash and investments - ending	<u>\$ (12)</u>	<u>\$ (588)</u>	<u>\$ (115)</u>	<u>\$ 5,045</u>	<u>\$ 1,763</u>	<u>\$ (10,468)</u>

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

	PAYROLL-PERF- RETIREMENT	PAYROLL/AFLAC	PAYROLL/FOP DUES	PAYROLL/GROUP INSURANCE	PAYROLL/POLICE & FIRE INS	PAYROLL-INS DENTAL
Cash and investments - beginning	\$ 10,170	\$ 58	\$ 1,012	\$ 4,272	\$ -	\$ 1,061
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	46,277	3,609	4,050	25,161	3,787	470
Total receipts	46,277	3,609	4,050	25,161	3,787	470
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	45,955	3,612	4,063	14,879	3,787	-
Total disbursements	45,955	3,612	4,063	14,879	3,787	-
Excess (deficiency) of receipts over disbursements	322	(3)	(13)	10,282	-	470
Cash and investments - ending	\$ 10,492	\$ 55	\$ 999	\$ 14,554	\$ -	\$ 1,531

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

	P/R/DEF COMP/USCM/ PEBSCO	HEALTH SAVINGS ACCOUNT	PAYROLL/INS VISION	PAYROLL- MEDICAL FLEX	PAYROLL-VOL LIFE INSURANCE	DIRECT DEPOSIT
Cash and investments - beginning	\$ -	\$ -	\$ (152)	\$ (1,260)	\$ (647)	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,600	19,162	1,634	-	4,102	844,190
Total receipts	<u>2,600</u>	<u>19,162</u>	<u>1,634</u>	<u>-</u>	<u>4,102</u>	<u>844,190</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,600	19,162	1,440	-	3,907	844,190
Total disbursements	<u>2,600</u>	<u>19,162</u>	<u>1,440</u>	<u>-</u>	<u>3,907</u>	<u>844,190</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>194</u>	<u>-</u>	<u>195</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ (1,260)</u>	<u>\$ (452)</u>	<u>\$ -</u>

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

	PAYROLL/MISC DEDUCTION	PAYROLL-REIM BY EMPLOYEE	STRMWATER UTIL OPERATING	STRMWATER DEPRECIATION	STRMWATER CONSTR IN PRO	SEWER OPERATING
Cash and investments - beginning	\$ -	\$ 126	\$ 147,351	\$ -	\$ -	\$ 1,022,715
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	183,228	-	-	1,407,388
Other receipts	706	281	-	9,475	15,025	60,952
Total receipts	706	281	183,228	9,475	15,025	1,468,340
Disbursements:						
Personal services	706	-	65,090	-	-	81,140
Supplies	-	-	-	-	-	-
Other services and charges	-	-	29,048	-	-	39,284
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	15,025	1,900
Utility operating expenses	-	-	33,223	-	-	732,555
Other disbursements	-	-	24,516	-	-	682,002
Total disbursements	706	-	151,877	-	15,025	1,536,881
Excess (deficiency) of receipts over disbursements	-	281	31,351	9,475	-	(68,541)
Cash and investments - ending	\$ -	\$ 407	\$ 178,702	\$ 9,475	\$ -	\$ 954,174

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

	GEM SANI UTL DEPRECIATION	SEWER DEPRECIATION	SEWER BOND & INTEREST	SEWER CONS IN PROG-INTERC	GEM SANI UTL OPERATING	GEM SANI UTL BND & INT
Cash and investments - beginning	\$ -	\$ 59,523	\$ 168,498	\$ 54,250	\$ 279,009	\$ 54,994
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	794,306	-
Other receipts	87,500	175,000	505,316	-	41,916	136,463
Total receipts	<u>87,500</u>	<u>175,000</u>	<u>505,316</u>	<u>-</u>	<u>836,222</u>	<u>136,463</u>
Disbursements:						
Personal services	-	-	-	-	154,708	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	41,532	-
Debt service - principal and interest	-	-	503,600	-	-	135,957
Capital outlay	-	130,963	-	-	-	-
Utility operating expenses	-	-	350	-	277,233	-
Other disbursements	-	-	-	-	225,986	-
Total disbursements	<u>-</u>	<u>130,963</u>	<u>503,950</u>	<u>-</u>	<u>699,459</u>	<u>135,957</u>
Excess (deficiency) of receipts over disbursements	<u>87,500</u>	<u>44,037</u>	<u>1,366</u>	<u>-</u>	<u>136,763</u>	<u>506</u>
Cash and investments - ending	<u>\$ 87,500</u>	<u>\$ 103,560</u>	<u>\$ 169,864</u>	<u>\$ 54,250</u>	<u>\$ 415,772</u>	<u>\$ 55,500</u>

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

	SRF DSR HELD BY <u>AGENT -SEWER</u>	WATER UTL <u>OPERATING</u>	WATER UTL <u>DEPRECIATION</u>	WATER UTL BOND & INTERE <u>AGENTS</u>	SRF DSR HELD BY <u>AGENT -WATER</u>	<u>Totals</u>
Cash and investments - beginning	\$ 673,240	\$ 61,013	\$ -	\$ 42,318	\$ 75,444	\$ 8,808,411
Receipts:						
Taxes	-	-	-	-	-	1,607,772
Licenses and permits	-	-	-	-	-	16,720
Intergovernmental	-	-	-	-	-	1,527,960
Charges for services	-	-	-	-	-	64,003
Fines and forfeits	-	-	-	-	-	151,014
Utility fees	-	243,913	-	-	-	2,628,835
Other receipts	-	12,991	56,342	65,424	-	4,111,040
Total receipts	-	256,904	56,342	65,424	-	10,107,344
Disbursements:						
Personal services	-	76,738	-	-	-	2,457,463
Supplies	-	-	-	-	-	272,497
Other services and charges	-	38,178	-	-	-	1,794,793
Debt service - principal and interest	-	-	-	72,015	-	878,002
Capital outlay	-	-	56,342	-	-	624,591
Utility operating expenses	-	53,129	-	-	-	1,096,490
Other disbursements	-	71,746	-	-	-	3,286,134
Total disbursements	-	239,791	56,342	72,015	-	10,409,970
Excess (deficiency) of receipts over disbursements	-	17,113	-	(6,591)	-	(302,626)
Cash and investments - ending	\$ 673,240	\$ 78,126	\$ -	\$ 35,727	\$ 75,444	\$ 8,505,785

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Storm Water	\$ -	\$ 13,921
Wastewater	-	307,805
Water	-	55,799
Governmental activities	<u>16,356</u>	<u>-</u>
Totals	<u>\$ 16,356</u>	<u>\$ 377,525</u>

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

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	CAPITAL IMPROVEMENTS	\$ 1,465,000	\$ 156,341
Wastewater:			
Revenue bonds	JUNIOR SEWAGE REVENUE BOND 2011	1,500,000	1,886,650
Revenue bonds	INTERCEPTOR CONSTRUCTION	3,705,000	504,600
Notes and loans payable	PURCHASE SEWER COMPANY	<u>1,733,499</u>	<u>53,461</u>
Total Wastewater		<u>6,938,499</u>	<u>2,444,711</u>
Water:			
Revenue bonds	JUNIOR WATER REVENUE BOND 2011	900,000	1,132,650
Notes and loans payable	PURCHASE WATER COMPANY	<u>920,000</u>	<u>30,667</u>
Total Water		<u>1,820,000</u>	<u>1,163,317</u>
Totals		<u>\$ 10,223,499</u>	<u>\$ 3,764,369</u>

TOWN OF CUMBERLAND
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 2,429,020
Infrastructure	7,720,150
Buildings	1,110,550
Improvements other than buildings	53,531
Machinery, equipment, and vehicles	<u>1,742,221</u>
Total governmental activities	<u>13,055,472</u>
Storm Water:	
Infrastructure	<u>4,320,070</u>
Wastewater:	
Land	138,585
Infrastructure	14,046,653
Buildings	2,072,455
Machinery, equipment, and vehicles	<u>3,592,151</u>
Total Wastewater	<u>19,849,844</u>
Water:	
Land	60,000
Infrastructure	1,769,000
Buildings	200,000
Machinery, equipment, and vehicles	<u>264,794</u>
Total Water	<u>2,293,794</u>
Total capital assets	<u>\$ 39,519,180</u>

TOWN OF CUMBERLAND
OTHER REPORT

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

Town Court

TOWN OF CUMBERLAND
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2013 contained a number of errors and did not properly reflect the receipts, disbursements, and cash and investment balances of the Town. A negative receipt recorded in the records to the Water Util Operating fund resulted in the receipts being understated \$41,870. Additionally, the Town Court fund was not included in the 2013 Annual Financial Report which resulted in the beginning balance, receipts, disbursements and ending balance being understated by \$11,770, \$79,932, \$85,790, and \$5,912, respectively. Disbursements from the Crime Control fund in the amount of \$4,701 were not recorded on the records or properly reported in the Annual Financial Report; therefore, the ending cash balance of the Crime Control fund was overstated at December 31, 2013. Adjustments were proposed, approved by management, and made to the financial statement contained in the report.

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."

BANK ACCOUNT RECONCILIATIONS - COMBINED BANK RECONCILIATION

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not all balance. The Town has multiple bank accounts, thus several reconciliations. The Town Court reconciliation was found to be long \$380; the general town funds reconciliation was long \$37; the sewer utility funds reconciliation was long \$228; the water utility funds reconciliation was long \$61; and, the payroll fund reconciliation was short \$620. As of December 31, 2013, the combined bank account reconciliation identified a net cash long in the amount of \$86.

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

OFFICIAL BOND

The Clerk-Treasurer's Surety Bond for January 1, 2013 to January 1, 2014, in the amount of \$200,000, was insufficient per the Indiana Code requirements. Based on the receipts for 2012, the calculated official bond coverage would be \$280,396.

Indiana Code 5-4-1-18 states in part:

(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.

TOWN OF CUMBERLAND
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee."

PENALTIES, INTEREST, AND OTHER CHARGES

The Town paid penalties, interest, and other charges to a credit card company in the amount of \$200 because the Town did not remit payments on a timely basis.

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

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

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

TOWN OF CUMBERLAND
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2015, with Grace Heck, former Clerk-Treasurer; Erica Salmon, Clerk-Treasurer; and Joe Siefker, President of the Town Council.



1/29/2015

State Board of Accounts
302 West Washington Street
Room E 418
Indianapolis, IN 46204
LDavid@sboa.in.gov

OFFICIAL RESPONSE

Town of Cumberland examination results and comments for the years 2012 and 2013.

ANNUAL REPORT – 2012 & 2013

Management approved changes to the report for both years. Differences noted in the results primarily came from the omission of the court account by the previous Clerk Treasurer. The current Clerk Treasurer will include court receipts and disbursements in the 2014 annual report.

BANK ACCOUNT RECONCILIATION - 2013

Examiners found several bank account reconciliations that did not balance. The net effect was \$86 cash overage across all funds. Management will make every effort to reconcile all accounts each month with no overages or shortages.

OFFICIAL BOND – 2012 & 2013

The town has requested an increase in the bond amount for the Clerk-Treasurer to \$300,000. This request was made on January 5th, 2015.

PENALTIES, INTEREST, AND OTHER CHARGES

An American Express bill was paid late during 2013 resulting in \$200 in penalties and interest. Management concurs that this was the case. Policies and procedures will be implemented to streamline efficiencies prevent further late payments.