

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

EXAMINATION REPORT

OF

CITY OF DELPHI

CARROLL COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
08/11/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Leanne Aldrich	10-01-09 to 12-31-11
Mayor	Randy Strasser	01-01-10 to 12-31-11
President of the Board of Works	Randy Strasser	01-01-10 to 12-31-11
President of the Common Council	Carolyn Pearson	01-01-10 to 12-31-11
Superintendent of the Utilities	Richard Vansickle	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF DELPHI, CARROLL COUNTY, INDIANA

We have examined the financial statements of the City of Delphi (City), for the period of January 1, 2010 to December 31, 2010. The City's management is responsible for the financial statements. Our responsibility is to express an opinion 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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 basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, City Council, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 29, 2011

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FINANCIAL STATEMENT(S)

CITY OF DELPHI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 3,081,379	\$ 2,701,215	\$ 1,745,649	\$ 4,036,945
Motor Vehicle Highway	163,509	106,573	90,630	179,452
Local Road and Street	4,681	10,803	10,664	4,820
Economic Development Income Tax	106,550	126,597	78,521	154,626
Animal Shelter Animal Control	889	10	-	899
Sanitation Solid Waste	6,701	125,852	109,378	23,175
FAA Grant	10,659	-	-	10,659
Housing Development	18,024	-	-	18,024
Law Enforcement Continuing Education	3,179	2,358	1,475	4,062
Riverboat	63,349	18,869	33,053	49,165
Airport Donations	3,023	561	-	3,584
Police Donations	474	-	242	232
Historic Trail Grant	1,878	67,557	50,993	18,442
DNR Interp Site Grant	3	144	-	147
Main St Non-Reverting	3,811	340	-	4,151
Rainy Day Fund	177,497	51,526	-	229,023
Dare Non Reverting	17	-	-	17
Court Fees County Share	266	2,114	2,380	-
Donations - Indoor Recreation	183	-	-	183
Donations - Park Wabash Heritage Fund	1,531	-	-	1,531
Fire Protection Territory	100	139,681	64,028	75,753
Special Project	6,608	-	-	6,608
Park and Recreation Nonreverting	31,065	12,304	33,553	9,816
Delphi Tri Twp Equipment	16,836	-	-	16,836
Flood Clean Up	1,003	-	-	1,003
Cumulative Fire	51,947	-	-	51,947
Cumulative Capital Improvement	15,159	8,828	-	23,987
Sidewalk Maintenance/Improvement	16,080	3,928	-	20,008
Fire Territory Equipment Fund	-	60,054	31,790	28,264
Police Pension	55,930	40,745	33,636	63,039
Donations - Railroad Cleanup	1,045	-	-	1,045
Payroll	12,930	1,069,198	1,071,806	10,322
City Court	3,187	22,349	22,846	2,690
Wastewater Utility - Operating	142,425	928,120	876,765	193,780
Wastewater Utility - Debt Reserve	159,939	-	-	159,939
Wastewater Utility - Bond and Interest	502	155,818	139,616	16,704
Water Utility - Operating	438,156	882,065	646,179	674,042
Water Utility - Bond and Interest	157,175	157,418	157,175	157,418
Water Utility - Customer Deposit	51,487	8,405	9,310	50,582
Water Utility - Booster Station	4,864	2,174	-	7,038
Water Utility - Debt Reserve	167,634	-	-	167,634
Totals	<u>\$ 4,981,675</u>	<u>\$ 6,705,606</u>	<u>\$ 5,209,689</u>	<u>\$ 6,477,592</u>

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

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

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

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT(S)
(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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT(S)
(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 City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT(S)
(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 City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

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

PERF 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:

CITY OF DELPHI
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Delphi's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road and Street	Economic Development Income Tax	Animal Shelter Animal Control	Sanitation Solid Waste	FAA Grant
Cash and investments - beginning	\$ 3,081,379	\$ 163,509	\$ 4,681	\$ 106,550	\$ 889	\$ 6,701	\$ 10,659
Receipts:							
Taxes	1,626,497	-	-	126,597	-	-	-
Licenses and permits	572	-	-	-	10	-	-
Intergovernmental	891,095	105,433	10,803	-	-	-	-
Charges for services	9,815	1,140	-	-	-	125,822	-
Fines and forfeits	3,879	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	169,357	-	-	-	-	30	-
Total receipts	<u>2,701,215</u>	<u>106,573</u>	<u>10,803</u>	<u>126,597</u>	<u>10</u>	<u>125,852</u>	<u>-</u>
Disbursements:							
Personal services	895,235	31,621	-	6,250	-	-	-
Supplies	138,256	12,009	-	397	-	-	-
Other services and charges	537,041	-	-	71,874	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	160,158	47,000	10,664	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	14,959	-	-	-	-	109,378	-
Total disbursements	<u>1,745,649</u>	<u>90,630</u>	<u>10,664</u>	<u>78,521</u>	<u>-</u>	<u>109,378</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>955,566</u>	<u>15,943</u>	<u>139</u>	<u>48,076</u>	<u>10</u>	<u>16,474</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,036,945</u>	<u>\$ 179,452</u>	<u>\$ 4,820</u>	<u>\$ 154,626</u>	<u>\$ 899</u>	<u>\$ 23,175</u>	<u>\$ 10,659</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Housing Development	Law Enforcement Continuing Education	Riverboat	Airport Donations	Police Donations	Historic Trail Grant	DNR Interp Site Grant
Cash and investments - beginning	\$ 18,024	\$ 3,179	\$ 63,349	\$ 3,023	\$ 474	\$ 1,878	\$ 3
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	970	-	-	-	-	-
Intergovernmental	-	-	18,869	-	-	-	144
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	1,388	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	561	-	67,557	-
Total receipts	-	2,358	18,869	561	-	67,557	144
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,475	33,053	-	242	50,993	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	1,475	33,053	-	242	50,993	-
Excess (deficiency) of receipts over disbursements	-	883	(14,184)	561	(242)	16,564	144
Cash and investments - ending	\$ 18,024	\$ 4,062	\$ 49,165	\$ 3,584	\$ 232	\$ 18,442	\$ 147

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Main St Non-Reverting	Rainy Day Fund	Dare Non Reverting	Court Fees County Share	Donations - Indoor Recreation	Donations - Park Wabash Heritage Fund	Fire Protection Territory
Cash and investments - beginning	\$ 3,811	\$ 177,497	\$ 17	\$ 266	\$ 183	\$ 1,531	\$ 100
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	51,526	-	-	-	-	-
Charges for services	-	-	-	-	-	-	70,750
Fines and forfeits	-	-	-	2,114	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	340	-	-	-	-	-	68,931
Total receipts	<u>340</u>	<u>51,526</u>	<u>-</u>	<u>2,114</u>	<u>-</u>	<u>-</u>	<u>139,681</u>
Disbursements:							
Personal services	-	-	-	-	-	-	21,626
Supplies	-	-	-	-	-	-	9,117
Other services and charges	-	-	-	-	-	-	33,285
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	2,380	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,380</u>	<u>-</u>	<u>-</u>	<u>64,028</u>
Excess (deficiency) of receipts over disbursements	<u>340</u>	<u>51,526</u>	<u>-</u>	<u>(266)</u>	<u>-</u>	<u>-</u>	<u>75,653</u>
Cash and investments - ending	<u>\$ 4,151</u>	<u>\$ 229,023</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 1,531</u>	<u>\$ 75,753</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Special Project	Park and Recreation Nonreverting	Delphi Tri Twp Equipment	Flood Clean Up	Cumulative Fire	Cumulative Capital Improvement	Sidewalk Maintenance/ Improvement
Cash and investments - beginning	\$ 6,608	\$ 31,065	\$ 16,836	\$ 1,003	\$ 51,947	\$ 15,159	\$ 16,080
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	8,828	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	12,304	-	-	-	-	3,928
Total receipts	-	12,304	-	-	-	8,828	3,928
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	33,553	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	33,553	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(21,249)	-	-	-	8,828	3,928
Cash and investments - ending	\$ 6,608	\$ 9,816	\$ 16,836	\$ 1,003	\$ 51,947	\$ 23,987	\$ 20,008

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fire Territory Equipment Fund	Police Pension	Donations - Railroad Cleanup	Payroll	City Court	Wastewater Utility - Operating	Wastewater Utility - Debt Reserve
Cash and investments - beginning	\$ -	\$ 55,930	\$ 1,045	\$ 12,930	\$ 3,187	\$ 142,425	\$ 159,939
Receipts:							
Taxes	-	40,615	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	22,349	-	-
Utility fees	-	-	-	-	-	872,641	-
Other receipts	60,054	130	-	1,069,198	-	55,479	-
Total receipts	<u>60,054</u>	<u>40,745</u>	<u>-</u>	<u>1,069,198</u>	<u>22,349</u>	<u>928,120</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	31,790	-	-	-	-	107,294	-
Utility operating expenses	-	-	-	-	-	556,829	-
Other disbursements	-	33,636	-	1,071,806	22,846	212,642	-
Total disbursements	<u>31,790</u>	<u>33,636</u>	<u>-</u>	<u>1,071,806</u>	<u>22,846</u>	<u>876,765</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>28,264</u>	<u>7,109</u>	<u>-</u>	<u>(2,608)</u>	<u>(497)</u>	<u>51,355</u>	<u>-</u>
Cash and investments - ending	<u>\$ 28,264</u>	<u>\$ 63,039</u>	<u>\$ 1,045</u>	<u>\$ 10,322</u>	<u>\$ 2,690</u>	<u>\$ 193,780</u>	<u>\$ 159,939</u>

CITY OF DELPHI
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility - Bond and Interest	Water Utility - Operating	Water Utility - Bond and Interest	Water Utility - Customer Deposit	Water Utility - Booster Station	Water Utility - Debt Reserve	Totals
Cash and investments - beginning	\$ 502	\$ 438,156	\$ 157,175	\$ 51,487	\$ 4,864	\$ 167,634	\$ 4,981,675
Receipts:							
Taxes	-	-	-	-	-	-	1,793,709
Licenses and permits	-	-	-	-	-	-	1,552
Intergovernmental	-	-	-	-	-	-	1,086,698
Charges for services	-	-	-	-	-	-	207,527
Fines and forfeits	-	-	-	-	-	-	29,730
Utility fees	-	771,611	-	-	-	-	1,644,252
Other receipts	155,818	110,454	157,418	8,405	2,174	-	1,942,138
Total receipts	155,818	882,065	157,418	8,405	2,174	-	6,705,606
Disbursements:							
Personal services	-	-	-	-	-	-	954,732
Supplies	-	-	-	-	-	-	159,779
Other services and charges	-	-	-	-	-	-	761,516
Debt service - principal and interest	139,616	-	157,175	-	-	-	296,791
Capital outlay	-	27,320	-	-	-	-	384,226
Utility operating expenses	-	420,920	-	9,310	-	-	987,059
Other disbursements	-	197,939	-	-	-	-	1,665,586
Total disbursements	139,616	646,179	157,175	9,310	-	-	5,209,689
Excess (deficiency) of receipts over disbursements	16,202	235,886	243	(905)	2,174	-	1,495,917
Cash and investments - ending	\$ 16,704	\$ 674,042	\$ 157,418	\$ 50,582	\$ 7,038	\$ 167,634	\$ 6,477,592

CITY OF DELPHI
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Two Trucks	\$ 43,233	\$ 23,449
Police Car	<u>17,103</u>	<u>9,327</u>
Total governmental activities debt	<u>\$ 60,336</u>	<u>\$ 32,776</u>
Business-type activities:		
Water Utility:		
Notes and loans:		
USDA Loan	<u>\$ 2,493,000</u>	<u>\$ 157,418</u>
Total Water Utility	<u>2,493,000</u>	<u>157,418</u>
Wastewater Utility:		
Revenue bonds:		
2001 Refunded Bond Issue	<u>658,000</u>	<u>141,116</u>
Total Wastewater Utility	<u>658,000</u>	<u>141,116</u>
Total business-type activities debt	<u>\$ 3,151,000</u>	<u>\$ 298,534</u>

CITY OF DELPHI
EXAMINATION RESULT(S) AND COMMENT(S)

UTILITY RECEIPTS TAX

The Water Utility did not pay Utility Receipts Tax to the Indiana Department of Revenue during the examination period.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The City did not maintain a complete or accurate inventory of capital assets for the City and its Utilities. The records have not been updated for 2008, 2009, or 2010 transactions. A similar comment was in the prior Reports B34802, B25841, B28332, B30701, B33166, and B38048.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES

Penalties totaling \$4,024.55 were paid to the Indiana Department of Revenue on December 31, 2010, for late state withholding payments for the months of February through May 2010 and late sales tax payments for the months of December 2009 through June 2010.

Officials and employees have the duty to remit taxes in a timely fashion. Failure to 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)

CITY OF DELPHI
EXIT CONFERENCE

The contents of this report were discussed on June 29, 2011, with Leanne Aldrich, Clerk-Treasurer; Randy Strasser, Mayor; and Carolyn Pearson, President of the Common Council. The officials concurred with our findings.