

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF SULLIVAN

SULLIVAN COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
12/05/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Sue Pitts	01-01-08 to 12-31-11
Mayor	Edward F. Eble	06-26-09 to 12-31-11
President of the Board of Public Works and Safety	Edward F. Eble	01-01-10 to 12-31-11
President of the Common Council	Debra J. Ayres Steve Martindale	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE CITY OF SULLIVAN, SULLIVAN COUNTY, INDIANA

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

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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 statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, 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

October 31, 2011

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FINANCIAL STATEMENT

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

CITY OF SULLIVAN
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	\$ 290,944	\$ 1,290,887	\$ 1,333,452	\$ 248,379
Motor Vehicle Highway	62,149	227,706	198,985	90,870
Local Road And Street	72,050	15,045	14,618	72,477
Park Non Reverting	20,123	56,676	63,795	13,004
Crime Control	915	-	-	915
Wvcf Grant	-	2,500	657	1,843
Local Law Enf Cont Ed	3,015	14,429	2,146	15,298
Unsafe Building	8,651	-	5,132	3,519
Riverboat	58,024	28,894	-	86,918
Fd Radio State Grant	-	3,720	3,720	-
Parks And Recreation	18,265	32,633	50,898	-
Rainy Day	75,413	126,195	130,698	70,910
Levy Excess	-	2,824	-	2,824
Sullivan Co Comm Found Grant	-	3,330	2,791	539
Adopt A Spot	241	-	-	241
Cemetery Non Reverting	5,259	20,366	10,520	15,105
Fire Non Reverting	(671)	3,211	1,422	1,118
Street Cut Deposit	5,150	3,500	-	8,650
Street Dept Non Reverting	7,770	22,678	5,346	25,102
Section Street Project	-	39,409	39,409	-
Fire Reports/Donation	1,205	10	-	1,215
Humane Shelter	-	12,000	12,000	-
Park Pool Donations	20	-	-	20
Police Ordinance Violation	1,801	2,105	33	3,873
Section Street Infrastructure	211,074	136,311	150,040	197,345
Ambulance	34,304	154,088	113,456	74,936
Tax Draw Clearing	7,957	53,500	47,519	13,938
Gas/Fuel Clearing	(2,112)	55,056	51,467	1,477
Fire Wvcf Hazmat Grant	7,500	-	7,304	196
EDIT	-	223,207	223,207	-
Cumulative Capital Development	46,597	6,428	-	53,025
Cumulative Capital Improvement	44,087	13,518	-	57,605
Police Pension	81,960	94,765	94,572	82,153
Fire Pension	88,294	137,528	95,698	130,124
Payroll	3,265	1,352,460	1,336,828	18,897
Wastewater Utility-Operating	938,310	1,324,197	1,380,981	881,526
Wastewater Sinking	27,659	485,877	485,802	27,734
Wastewater Deprec & Sewer Improv	20,538	54	-	20,592
Wastewater Construction	4,011	6	-	4,017
Wastewater Improvement Money Mkt	122,045	326	-	122,371
Wastewater Const Money Market	52,473	186	-	52,659
Wastewater Sinking Money Market	307,584	705	-	308,289
Wastewater Debt Service Reserve	-	97,200	97,200	-
Trash Utility - Operating	40,469	227,542	236,861	31,150
Totals	<u>\$ 2,666,339</u>	<u>\$ 6,271,072</u>	<u>\$ 6,196,557</u>	<u>\$ 2,740,854</u>

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

CITY OF SULLIVAN
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement presents 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 statement is 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 statement. 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 SULLIVAN
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 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 SULLIVAN
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 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 SULLIVAN
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 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 Plans*

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the 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 SULLIVAN
NOTES TO FINANCIAL STATEMENT
(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.

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

CITY OF SULLIVAN
 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	Park Non Reverting	Crime Control	Wvcf Grant	Local Law Enf Cont Ed	Unsafe Building
Cash and investments - beginning	\$ 290,944	\$ 62,149	\$ 72,050	\$ 20,123	\$ 915	\$ -	\$ 3,015	\$ 8,651
Receipts:								
Taxes	899,388	-	-	-	-	-	-	-
Licenses and permits	3,969	-	-	-	-	-	1,540	-
Intergovernmental	173,253	145,646	15,045	-	-	-	-	-
Charges for services	172,358	-	-	-	-	-	11,405	-
Fines and forfeits	760	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	41,159	82,060	-	56,676	-	2,500	1,484	-
Total receipts	<u>1,290,887</u>	<u>227,706</u>	<u>15,045</u>	<u>56,676</u>	<u>-</u>	<u>2,500</u>	<u>14,429</u>	<u>-</u>
Disbursements:								
Personal services	954,876	102,752	-	-	-	-	-	-
Supplies	88,084	23,869	-	-	-	-	-	-
Other services and charges	260,692	9,531	-	-	-	657	2,146	5,132
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	29,800	62,833	14,618	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	63,795	-	-	-	-
Total disbursements	<u>1,333,452</u>	<u>198,985</u>	<u>14,618</u>	<u>63,795</u>	<u>-</u>	<u>657</u>	<u>2,146</u>	<u>5,132</u>
Excess (deficiency) of receipts over disbursements	<u>(42,565)</u>	<u>28,721</u>	<u>427</u>	<u>(7,119)</u>	<u>-</u>	<u>1,843</u>	<u>12,283</u>	<u>(5,132)</u>
Cash and investments - ending	<u>\$ 248,379</u>	<u>\$ 90,870</u>	<u>\$ 72,477</u>	<u>\$ 13,004</u>	<u>\$ 915</u>	<u>\$ 1,843</u>	<u>\$ 15,298</u>	<u>\$ 3,519</u>

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

	Riverboat	Fd Radio State Grant	Parks And Recreation	Rainy Day	Levy Excess	Sullivan Co Comm Found Grant	Adopt A Spot	Cemetery Non Reverting
Cash and investments - beginning	\$ 58,024	\$ -	\$ 18,265	\$ 75,413	\$ -	\$ -	\$ 241	\$ 5,259
Receipts:								
Taxes	-	-	-	-	2,824	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	28,894	3,720	-	39,298	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	32,633	86,897	-	3,330	-	20,366
Total receipts	28,894	3,720	32,633	126,195	2,824	3,330	-	20,366
Disbursements:								
Personal services	-	-	22,387	-	-	-	-	-
Supplies	-	-	3,542	-	-	-	-	-
Other services and charges	-	3,720	14,168	130,698	-	2,791	-	10,520
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	10,801	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	3,720	50,898	130,698	-	2,791	-	10,520
Excess (deficiency) of receipts over disbursements	28,894	-	(18,265)	(4,503)	2,824	539	-	9,846
Cash and investments - ending	\$ 86,918	\$ -	\$ -	\$ 70,910	\$ 2,824	\$ 539	\$ 241	\$ 15,105

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

	Fire Non Reverting	Street Cut Deposit	Street Dept Non Reverting	Section Street Project	Fire Reports/Donation	Humane Shelter	Park Pool Donations	Police Ordinance Violation
Cash and investments - beginning	\$ (671)	\$ 5,150	\$ 7,770	\$ -	\$ 1,205	\$ -	\$ 20	\$ 1,801
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	3,500	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	3,211	-	-	-	10	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	2,105
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	22,678	39,409	-	12,000	-	-
Total receipts	<u>3,211</u>	<u>3,500</u>	<u>22,678</u>	<u>39,409</u>	<u>10</u>	<u>12,000</u>	<u>-</u>	<u>2,105</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	1,422	-	-	-	-	12,000	-	33
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	5,346	39,409	-	-	-	-
Total disbursements	<u>1,422</u>	<u>-</u>	<u>5,346</u>	<u>39,409</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>33</u>
Excess (deficiency) of receipts over disbursements	<u>1,789</u>	<u>3,500</u>	<u>17,332</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>2,072</u>
Cash and investments - ending	<u>\$ 1,118</u>	<u>\$ 8,650</u>	<u>\$ 25,102</u>	<u>\$ -</u>	<u>\$ 1,215</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 3,873</u>

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

	Section Street Infrastructure	Ambulance	Tax Draw Clearing	Gas/Fuel Clearing	Fire Wwcf Hazmat Grant	EDIT	Cumulative Capital Development
Cash and investments - beginning	\$ 211,074	\$ 34,304	\$ 7,957	\$ (2,112)	\$ 7,500	\$ -	\$ 46,597
Receipts:							
Taxes	-	-	-	-	-	-	5,466
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	223,207	962
Charges for services	-	153,984	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	136,311	104	53,500	55,056	-	-	-
Total receipts	136,311	154,088	53,500	55,056	-	223,207	6,428
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	113,456	-	51,467	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	150,040	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	47,519	-	7,304	223,207	-
Total disbursements	150,040	113,456	47,519	51,467	7,304	223,207	-
Excess (deficiency) of receipts over disbursements	(13,729)	40,632	5,981	3,589	(7,304)	-	6,428
Cash and investments - ending	\$ 197,345	\$ 74,936	\$ 13,938	\$ 1,477	\$ 196	\$ -	\$ 53,025

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

	Cumulative Capital Improvement	Police Pension	Fire Pension	Payroll	Wastewater Utility-Operating	Wastewater Sinking	Wastewater Deprec & Sewer Improv
Cash and investments - beginning	\$ 44,087	\$ 81,960	\$ 88,294	\$ 3,265	\$ 938,310	\$ 27,659	\$ 20,538
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	13,518	94,554	137,311	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	1,276,272	-	-
Other receipts	-	211	217	1,352,460	47,925	485,877	54
Total receipts	13,518	94,765	137,528	1,352,460	1,324,197	485,877	54
Disbursements:							
Personal services	-	94,572	95,698	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	485,562	-
Capital outlay	-	-	-	-	48,793	-	-
Utility operating expenses	-	-	-	-	701,656	-	-
Other disbursements	-	-	-	1,336,828	630,532	240	-
Total disbursements	-	94,572	95,698	1,336,828	1,380,981	485,802	-
Excess (deficiency) of receipts over disbursements	13,518	193	41,830	15,632	(56,784)	75	54
Cash and investments - ending	\$ 57,605	\$ 82,153	\$ 130,124	\$ 18,897	\$ 881,526	\$ 27,734	\$ 20,592

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

	Wastewater Construction	Wastewater Improvement Money Mkt	Wastewater Const Money Market	Wastewater Sinking Money Market	Wastewater Debt Service Reserve	Trash Utility - Operating	Totals
Cash and investments - beginning	\$ 4,011	\$ 122,045	\$ 52,473	\$ 307,584	\$ -	\$ 40,469	\$ 2,666,339
Receipts:							
Taxes	-	-	-	-	-	-	907,678
Licenses and permits	-	-	-	-	-	-	9,009
Intergovernmental	-	-	-	-	-	-	875,408
Charges for services	-	-	-	-	-	-	340,968
Fines and forfeits	-	-	-	-	-	-	2,865
Utility fees	-	-	-	-	-	227,428	1,503,700
Other receipts	6	326	186	705	97,200	114	2,631,444
Total receipts	6	326	186	705	97,200	227,542	6,271,072
Disbursements:							
Personal services	-	-	-	-	-	-	1,270,285
Supplies	-	-	-	-	-	-	115,495
Other services and charges	-	-	-	-	-	-	618,433
Debt service - principal and interest	-	-	-	-	97,200	-	582,762
Capital outlay	-	-	-	-	-	-	316,885
Utility operating expenses	-	-	-	-	-	230,185	931,841
Other disbursements	-	-	-	-	-	6,676	2,360,856
Total disbursements	-	-	-	-	97,200	236,861	6,196,557
Excess (deficiency) of receipts over disbursements	6	326	186	705	-	(9,319)	74,515
Cash and investments - ending	\$ 4,017	\$ 122,371	\$ 52,659	\$ 308,289	\$ -	\$ 31,150	\$ 2,740,854

CITY OF SULLIVAN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2010

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.

General infrastructure assets completed in the current and years since December 31, 2006 have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 172,157
Buildings	1,360,812
Improvements other than buildings	365,522
Machinery and equipment	2,030,102
Infrastructure	<u>6,320,022</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 10,248,615</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 122,420
Buildings	571,582
Improvements other than buildings	3,759,091
Machinery and equipment	594,345
Infrastructure	<u>265,578</u>
 Total business-type activities capital assets	 <u>\$ 5,313,016</u>



SULLIVAN, INDIANA

"Take Time to Care"

Mayor Edward L. Fible

Clerk-Treasurer Sue Pitts

City of Sullivan, Indiana

City of Sullivan, Indiana

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

The Town has entered into the following debt

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities		
Notes and loans payable		
Police Car	\$ 24,241	\$ 21,306
Fire Truck	162,432	43,580
Pool Liner	28,637	8,029
Playground Equipment	3,550	3,696
Dura Patcher/Dump Truck	40,709	14,802
General obligation bonds payable		
Section Street	1,001,300	68,193
Total governmental activities debt	\$ 1,260,869	\$ 159,606
Business-type Activities		
Wastewater Utility		
Notes and loans payable		
Sewer Improvements	73,274	77,440
Sewer Improvements - State Revolving Loan	6,564,681	418,817
Total Wastewater Utility	6,637,955	496,257
Other Utility		
Notes and loans payable		
Dump Truck	12,324	6,547
Total business-type activities debt	\$ 6,650,279	\$ 496,257

CITY OF SULLIVAN
EXAMINATION RESULTS AND COMMENTS

OPTICAL IMAGES OF DEPOSIT DOCUMENTS AND WARRANTS (Applies to City and Wastewater Utility)

As stated in the prior Report B38066, Harris Bank did not return the actual deposit documents and cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference.

(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

OLD OUTSTANDING WARRANTS (Applies to City)

As stated in prior Report B38066, our review of the year-end bank reconcilements revealed warrants outstanding in excess of two years.

Indiana Code 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; (2) or the fiscal body of a city or town. The duplicate copy shall be transmitted to the

CITY OF SULLIVAN
EXAMINATION RESULTS AND COMMENTS
(Continued)

disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

DISBURSEMENTS WITHOUT APPROPRIATIONS (Applies to City)

As stated in prior Report B38066, disbursements were made from the City's Park Non Reverting Fund for supplies and other miscellaneous items. Formal budgets and appropriations were not found to have been prepared and approved for these disbursements. Concession charges, pool pass fees, and shelter rental fees were the primary sources of revenue used to fund these disbursements.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

Indiana Code 36-10-3-22 relates to charging fees for park services and authorizes establishing either/or a special nonreverting operating fund or a special nonreverting capital fund and states:

". . . (b) The unit's fiscal body may establish by ordinance upon request of the board:

- (1) a special nonreverting operating fund for park purposes from which expenditures may be made as provided by ordinance, either by appropriation by the board or by the unit's fiscal body; . . ."

BANK ACCOUNT RECONCILIATIONS (Applies to City)

As stated in prior Report B38066, depository reconciliations of the fund balances to the bank account balance for the City's "Civil City" account were incorrect/long as of December 31, 2010, by \$2,320.

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

CITY OF SULLIVAN
EXAMINATION RESULTS AND COMMENTS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS (Applies to City)

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Police Pension	2010	\$ 12,373
Parks And Recreation	2010	34,742

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

1925 POLICE PENSION PLAN UNDERPAYMENTS (Applies to City)

As also noted in the prior Reports B34982 and B38066, pension recipients in the 1925 Police Pension Plan were again underpaid, in 2010.

Indiana Code 36-8-6 outlines the computation of benefits for the members of the 1925 Police Pension Plan.

OFFICIAL BOND (Applies to City)

The amount of coverage of the Clerk-Treasurer's official bond is \$45,000.

Public Law 176, House Enrolled Act 1514, effective July 1, 2009, amended Indiana Code 5-4-1-18 increasing the amount of the official's bond coverage.

The Clerk-Treasurer shall file an individual surety bond in an amount fixed by the fiscal body. The amount of 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. The amount 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 for the officer or employee.

CITY OF SULLIVAN
EXAMINATION RESULTS AND COMMENTS
(Continued)

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.
- (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 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 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 for the officer or employee."

CITY OF SULLIVAN
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2011, with Edward F. Eble, Mayor; Donna Sue Pitts, Clerk-Treasurer; and Steve Martindale, President of the Common Council.