B41794

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF ST. PAUL

DECATUR COUNTY, INDIANA

January 1, 2010 to December 31, 2011

FILED
02/12/2013

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SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Melissa Coulter	01-01-08 to 12-31-15
President of the Town Council	Laura Dudley	01-01-10 to 12-31-10
	Jennifer Shuppert	01-01-11 to 12-31-11
	David Henderson	01-01-12 to 12-31-12
Superintendent of Utilities	Jerome Buening	01-01-10 to 12-31-13

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ST. PAUL, DECATUR COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of St. Paul (Town), for the years ended December 31, 2010 and 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 Town 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 period.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, 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 statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial 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 Town's management, Town Council, and others within the entity 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

November 20, 2012

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FINANCIAL STATEMENTS

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

TOWN OF ST. PAUL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	$ (1,389)	$ 153,848	$ 147,316	$ 5,143
Motor Vehicle Highway	137,062	26,596	3,989	159,669
Local Road And Street	32,948	4,608	4,647	32,909
Water Sewage Vehicle	12,000	-	-	12,000
Law Enforcement Continuing Ed	1,890	139	126	1,903
Gym	7,117	7,350	4,466	10,001
Civic Center	340	-	-	340
Rainy Day	809	2,785	-	3,594
Levy Excess	1,467	-	-	1,467
Riverboat/Racino	38,552	80,008	12,720	105,840
Marshal Patrol Car	1,941	3,988	-	5,929
Fire Dept New Equipment	12,103	1,775	1,775	12,103
Co Economic Development Income Tax	33,050	2,180	-	35,230
Cumulative Capital Improvement	36,342	3,002	-	39,344
Fire Dept Building	4,000	-	-	4,000
Wastewater Utility-Operating	79,994	182,545	145,427	117,112
Wastewater Util-Bond And Interest	9,395	867	-	10,262
Wastewater Utility-Deprec/Improve	-	7,841	-	7,841
Wastewater Utility-Construction	156,035	23,999	10,000	170,034
Water Utility-Operating	50,139	241,266	247,778	43,627
Water Utility-Bond And Interest	30,387	57,600	57,203	30,784
Water Utility-Depreciation/Improve	22,266	34,267	15,000	41,533
Water Utility-Customer Deposit	17,896	2,866	2,265	18,497
Meter Replacement	9,600	2,400	-	12,000
Water Utility-Debt Reserve	57,203	-	-	57,203
Totals	$ 751,147	$ 839,930	$ 652,712	$ 938,365

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

TOWN OF ST. PAUL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	$ 5,143	$ 119,120	$ 90,635	$ 33,628
Motor Vehicle Highway	159,669	26,902	4,035	182,536
Local Road And Street	32,909	4,541	6,000	31,450
Water Sewage Vehicle	12,000	-	-	12,000
Law Enforcement Continuing Ed	1,903	750	156	2,497
Gym	10,001	17,684	21,336	6,349
Rainy Day	3,594	-	-	3,594
Levy Excess	1,467	-	-	1,467
Marshal Patrol Car	5,929	4,836	2,656	8,109
Fire Dept New Equipment	12,103	-	-	12,103
Co Economic Development Income Tax	35,230	4,830	4,449	35,611
Cumulative Capital Improvement	39,344	2,935	4,684	37,595
Fire Dept Building	4,000	-	-	4,000
Civic Center	340	-	-	340
Riverboat/Racino	105,840	80,467	84,450	101,857
Wastewater Utility-Operating	117,112	163,744	151,083	129,773
Wastewater Util-Bond And Interest	10,262	222	-	10,484
Wastewater Utility-Deprec/Improve	7,841	10,455	-	18,296
Wastewater Utility-Construction	170,034	24,000	40,310	153,724
Water Utility-Operating	43,627	176,999	170,139	50,487
Water Utility-Bond And Interest	30,784	57,600	57,203	31,181
Water Utility-Depreciation/ Improve	41,533	45,689	-	87,222
Water Utility-Customer Deposit	18,497	2,145	1,775	18,867
Water Utility-Meter Replacement	12,000	2,400	-	14,400
Water Utility-Debt Reserve	57,203	-	-	57,203
Totals	$ 938,365	$ 745,319	$ 638,911	$ 1,044,773

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, general administrative services, water and wastewater.

The accompanying financial statements present the financial information for the Town.

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 include the following sources:

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

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

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

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 include the following uses:

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

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

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

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

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 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 statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the 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 ST. PAUL
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	Water Sewage Vehicle	Law Enforcement Continuing Ed	Gym	Civic Center	Rainy Day	Levy Excess
Cash and investments - beginning	$ (1,389)	$ 137,062	$ 32,948	$ 12,000	$ 1,890	$ 7,117	$ 340	$ 809	$ 1,467
Receipts:									
Licenses and permits	-	-	-	-	90	-	-	-	-
Intergovernmental	87,711	26,596	4,608	-	-	-	-	2,785	-
Charges for services	500	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	65,637	-	-	-	49	7,350	-	-	-
Total receipts	153,848	26,596	4,608	-	139	7,350	-	2,785	-
Disbursements:									
Personal services	34,948	-	-	-	-	-	-	-	-
Supplies	20,848	-	-	-	-	-	-	-	-
Other services and charges	68,334	-	-	-	-	-	-	-	-
Debt service - principal and interest	13,679	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	9,507	3,989	4,647	-	126	4,466	-	-	-
Total disbursements	147,316	3,989	4,647	-	126	4,466	-	-	-
Excess (deficiency) of receipts over disbursements	6,532	22,607	(39)	-	13	2,884	-	2,785	-
Cash and investments - ending	$ 5,143	$ 159,669	$ 32,909	$ 12,000	$ 1,903	$ 10,001	$ 340	$ 3,594	$ 1,467

TOWN OF ST. PAUL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Riverboat/Racino	Marshal Patrol Car	Fire Dept New Equipment	Co Economic Development Income Tax	Cumulative Capital Improvement	Fire Dept Building	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve
Cash and investments - beginning	$ 38,552	$ 1,941	$ 12,103	$ 33,050	$ 36,342	$ 4,000	$ 79,994	$ 9,395	$ -
Receipts:									
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	80,008	-	-	2,180	2,992	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	10,609	-	-
Other receipts	-	3,988	1,775	-	10	-	171,936	867	7,841
Total receipts	80,008	3,988	1,775	2,180	3,002	-	182,545	867	7,841
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	112,298	-	-
Other disbursements	12,720	-	1,775	-	-	-	33,129	-	-
Total disbursements	12,720	-	1,775	-	-	-	145,427	-	-
Excess (deficiency) of receipts over disbursements	67,288	3,988	-	2,180	3,002	-	37,118	867	7,841
Cash and investments - ending	$ 105,840	$ 5,929	$ 12,103	$ 35,230	$ 39,344	$ 4,000	$ 117,112	$ 10,262	$ 7,841

TOWN OF ST. PAUL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Wastewater Utility-Construction	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Depreciation/Improve	Water Utility-Customer Deposit	Meter Replacement	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	$ 156,035	$ 50,139	$ 30,387	$ 22,266	$ 17,896	$ 9,600	$ 57,203	$ 751,147
Receipts:								
Licenses and permits	-	-	-	-	-	-	-	90
Intergovernmental	-	-	-	-	-	-	-	206,880
Charges for services	-	-	-	-	-	-	-	500
Utility fees	-	241,266	-	-	-	-	-	251,875
Other receipts	23,999	-	57,600	34,267	2,866	2,400	-	380,585
Total receipts	23,999	241,266	57,600	34,267	2,866	2,400	-	839,930
Disbursements:								
Personal services	-	-	-	-	-	-	-	34,948
Supplies	-	-	-	-	-	-	-	20,848
Other services and charges	-	-	-	-	-	-	-	68,334
Debt service - principal and interest	-	-	57,203	-	-	-	-	70,882
Capital outlay	-	-	-	15,000	-	-	-	15,000
Utility operating expenses	-	232,349	-	-	-	-	-	344,647
Other disbursements	10,000	15,429	-	-	2,265	-	-	98,053
Total disbursements	10,000	247,778	57,203	15,000	2,265	-	-	652,712
Excess (deficiency) of receipts over disbursements	13,999	(6,512)	397	19,267	601	2,400	-	187,218
Cash and investments - ending	$ 170,034	$ 43,627	$ 30,784	$ 41,533	$ 18,497	$ 12,000	$ 57,203	$ 938,365

TOWN OF ST. PAUL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Water Sewage Vehicle	Law Enforcement Continuing Ed	Gym	Rainy Day	Levy Excess	Marshal Patrol Car
Cash and investments - beginning	$ 5,143	$ 159,669	$ 32,909	$ 12,000	$ 1,903	$ 10,001	$ 3,594	$ 1,467	$ 5,929
Receipts:									
Taxes	60,416	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	750	-	-	-	-
Intergovernmental	45,055	26,902	4,541	-	-	-	-	-	-
Charges for services	700	-	-	-	-	4,319	-	-	-
Fines and forfeits	3,097	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	9,852	-	-	-	-	13,365	-	-	4,836
Total receipts	119,120	26,902	4,541	-	750	17,684	-	-	4,836
Disbursements:									
Personal services	52,610	-	-	-	-	-	-	-	-
Supplies	1,289	-	291	-	24	-	-	-	-
Other services and charges	20,151	-	5,709	-	132	21,336	-	-	2,656
Debt service - principal and interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	16,585	4,035	-	-	-	-	-	-	-
Total disbursements	90,635	4,035	6,000	-	156	21,336	-	-	2,656
Excess (deficiency) of receipts over disbursements	28,485	22,867	(1,459)	-	594	(3,652)	-	-	2,180
Cash and investments - ending	$ 33,628	$ 182,536	$ 31,450	$ 12,000	$ 2,497	$ 6,349	$ 3,594	$ 1,467	$ 8,109

TOWN OF ST. PAUL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Fire Dept New Equipment	Co Economic Development Income Tax	Cumulative Capital Improvement	Fire Dept Building	Civic Center	Riverboat/Racino	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Deprec/Improve
Cash and investments - beginning	$ 12,103	$ 35,230	$ 39,344	$ 4,000	$ 340	$ 105,840	$ 117,112	$ 10,262	$ 7,841
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	4,830	2,935	-	-	80,467	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	130,781	-	-
Other receipts	-	-	-	-	-	-	32,963	222	10,455
Total receipts	-	4,830	2,935	-	-	80,467	163,744	222	10,455
Disbursements:									
Personal services	-	-	-	-	-	7,722	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	4,449	-	-	-	55,337	-	-	-
Debt service - principal and interest	-	-	-	-	-	21,391	-	-	-
Capital outlay	-	-	4,684	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	116,628	-	-
Other disbursements	-	-	-	-	-	-	34,455	-	-
Total disbursements	-	4,449	4,684	-	-	84,450	151,083	-	-
Excess (deficiency) of receipts over disbursements	-	381	(1,749)	-	-	(3,983)	12,661	222	10,455
Cash and investments - ending	$ 12,103	$ 35,611	$ 37,595	$ 4,000	$ 340	$ 101,857	$ 129,773	$ 10,484	$ 18,296

TOWN OF ST. PAUL
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Wastewater Utility-Construction	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Depreciation/ Improve	Water Utility-Customer Deposit	Water Utility-Meter Replacement	Water Utility-Debt Reserve	Totals
Cash and investments - beginning	$ 170,034	$ 43,627	$ 30,784	$ 41,533	$ 18,497	$ 12,000	$ 57,203	$ 938,365
Receipts:								
Taxes	-	-	-	-	-	-	-	60,416
Licenses and permits	-	-	-	-	-	-	-	750
Intergovernmental	-	-	-	-	-	-	-	164,730
Charges for services	-	-	-	-	-	-	-	5,019
Fines and forfeits	-	-	-	-	-	-	-	3,097
Utility fees	-	175,575	-	-	2,145	-	-	308,501
Other receipts	24,000	1,424	57,600	45,689	-	2,400	-	202,806
Total receipts	24,000	176,999	57,600	45,689	2,145	2,400	-	745,319
Disbursements:								
Personal services	-	-	-	-	-	-	-	60,332
Supplies	-	-	-	-	-	-	-	1,604
Other services and charges	-	-	-	-	-	-	-	109,770
Debt service - principal and interest	-	-	57,203	-	-	-	-	78,594
Capital outlay	-	-	-	-	-	-	-	4,684
Utility operating expenses	-	44,465	-	-	-	-	-	161,093
Other disbursements	40,310	125,674	-	-	1,775	-	-	222,834
Total disbursements	40,310	170,139	57,203	-	1,775	-	-	638,911
Excess (deficiency) of receipts over disbursements	(16,310)	6,860	397	45,689	370	2,400	-	106,408
Cash and investments - ending	$ 153,724	$ 50,487	$ 31,181	$ 87,222	$ 18,867	$ 14,400	$ 57,203	$ 1,044,773

TOWN OF ST. PAUL
SCHEDULE OF LEASES AND DEBT
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Volunteer Fire Dept Air Pack Lease	$ 20,708	$ 10,775
Notes and loans payable	Fire Truck Lease	28,671	15,391
Total governmental activities		49,379	75,545
Water:			
Notes and loans payable	State Revolving Fund Program	501,122	57,202
Totals		$ 550,501	$ 83,368

EXCESS SALARY PAID TO CLERK-TREASURER (Applies to Clerk-Treasurer and Town Council)

On August 14, 2010, Melissa Coulter, Clerk-Treasurer, was paid $500 in addition to her approved salary. The Town Council minutes, dated August 3, 2010, show that the Town Council approved a $500 bonus to the Clerk-Treasurer. According to the minutes, the bonus related to additional duties Melissa Coulter performed after the termination of the Town Marshall.

Indiana Code 36-5-3-2 states in part:

"(a) As used in this section, 'compensation' means the total of all money paid to an elected town officer for performing duties as a town officer, regardless of the source of funds from which the money is paid.

(b) The town legislative body shall, by ordinance, fix the compensation of . . . the town clerk-treasurer . . .

(c) The compensation of an elected town officer may not be changed in the year for which it is fixed, nor may it be reduced below the amount fixed for the previous year."

On September 21, 2012, we requested Melissa Coulter, Clerk-Treasurer, to refund $500 to the Town of St. Paul.

Melissa Coulter, Clerk-Treasurer, refunded $500 to the Town of St. Paul on October 26, 2012.

OVERDRAWN APPROPRIATIONS (Applies to Clerk-Treasurer and Town Council)

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

Fund	Years	Excess Amount Expended
General	2010	$ 19,505
General	2011	19,545

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."

The Town also expended $12,720 from the Riverboat/Racino Fund for the year 2010 without establishing budgeted appropriations. For the year 2011, the Town Council approved appropriations in the amount of $50,000 for the Riverboat/Racino Fund; however, the Town expended $84,450, resulting in overdrawn appropriations in the amount of $34,450.

Indiana Code 36-5-4-2 states: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body. Each appropriation must be made from the fund against which the expenses arose."

OPTICAL IMAGES OF WARRANTS (Applies to Clerk-Treasurer)

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.

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

". . . '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 . . ."

Furthermore, 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)."

DISBURSEMENT PROCEDURES NOT FOLLOWED (Applies to Clerk-Treasurer)

State statutes and good internal control procedures require that a disbursement be made only after a department head or other employee has verified that goods or services purchased have been received. A review of accounts payable vouchers (claim) showed that 77 percent of those selected for testing were not certified by the department head or other employee that the goods or services purchased were received.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . . (2) the invoice or bill is approved by the officer or person receiving the goods and services . . ."

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

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

CUSTOMER DEPOSIT REGISTER (Applies to Superintendent of Utilities)

The detail of the customer deposits in the Water Utility Guarantee Deposit Register showed $331.24 more than the cash balance in the Water Utility Customer Deposit Fund as of December 31, 2011.

At all times, the manual and 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)

TRANSFER OF FUNDS (Applies to Clerk-Treasurer and Town Council)

During the years 2010 and 2011, the Town made monthly transfers totaling $3,989.11 and $4,035.28, respectively, from the Motor Vehicle Highway Fund to the Marshall Patrol Car Fund. No ordinances or resolutions approving the transfers were presented for examination.

Indiana Code 36-5-4-13(b) states in part:

> ". . . a town may transfer money distributed to the town from: (1) the motor vehicle highway account . . . to any other town fund after passage of an ordinance or a resolution by the town legislative body that specifies the amount of the transfer, the funds involved, the date of the transfer, and the general purpose of the transfer."

COUNTY WHEEL TAX AND COUNTY VEHICLE EXCISE SURTAX (Applied to Clerk-Treasurer)

Distributions of county wheel tax and county vehicle excise surtax in the amounts of $6,945.69 for the year 2010 and $6,003.15 for the year 2011 were receipted to the General Fund rather than the Motor Vehicle Highway Fund.

The distributions of surtax and wheel tax to cities and towns should be receipted to the Motor Vehicle Highway Fund, since a city or town may only use the money to construct, reconstruct, repair or maintain streets and roads under their jurisdiction pursuant to IC 6-3.5-4-13 and IC 6-3.5-5-15. (Cities and Towns Bulletins and Accounting and Uniform Compliance Guidelines, March 2004)

We brought to the attention of Town officials various statutes that may authorize the transfer of the monies to the General Fund; however, these statutes require the transfers to be approved by the Town Council after the passage of an ordinance or a resolution.

TOWN OF ST. PAUL
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2012, with Melissa Coulter, Clerk-Treasurer; David Henderson, President of the Town Council; and Jerome Buening, Superintendent of Utilities.