

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF ROYAL CENTER

CASS COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
02/28/2013



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandy S. Minnick	01-01-08 to 12-31-15
President of the Town Council	Conrad D. Funk	01-01-10 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROYAL CENTER, CASS COUNTY, INDIANA

We have examined the financial statements of the Town of Royal Center (Town), for the period of January 1, 2010 to December 31, 2011. The Town'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 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.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial 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

July 18, 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 ROYAL CENTER  
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	\$ 120,392	\$ 191,491	\$ 196,711	\$ 115,172
Riverboat	36,934	5,207	-	42,141
Rainy Day	45,098	40,143	36,793	48,448
Fire Department	22,741	26,040	34,114	14,667
Local Roads And Streets	8,635	3,305	10,400	1,540
Motor Vehicle Highway	66,711	79,453	54,844	91,320
Payroll	12,813	163,421	160,592	15,642
Chet's Park	6,379	1,800	48	8,131
Chet's Building	28,346	2,483	8,269	22,560
Law Enforcement Continuing Ed	-	120	-	120
Levy Excess	-	427	-	427
Cumulative Capital Development	42,316	6,134	-	48,450
Cumulative Capital Improvement	64,603	2,612	-	67,215
County Economic Development Income Tax	52,707	18,404	-	71,111
Wastewater Utility Operating	40,966	209,861	194,305	56,522
Wastewater Utility Bond And Interest	17,500	54,319	51,819	20,000
Wastewater Utility Reserve	56,798	-	-	56,798
Water Utility Operating	204,276	219,729	209,987	214,018
Water Utility Bond And Interest	-	89,905	89,905	-
Water Utility Customer Deposit	5,730	1,000	1,100	5,630
Water Utility Tower	31,000	6,000	-	37,000
Water Utility Reserve	89,125	-	-	89,125
Totals	<u>\$ 953,070</u>	<u>\$ 1,121,854</u>	<u>\$ 1,048,887</u>	<u>\$ 1,026,037</u>

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

TOWN OF ROYAL CENTER  
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	\$ 115,172	\$ 238,784	\$ 196,664	\$ 157,292
Law Enforcement Continuing Ed	120	500	-	620
Levy Excess	427	-	427	-
Cumulative Capital Development	48,450	6,101	-	54,551
Cumulative Capital Improvement	67,215	2,527	-	69,742
County Economic Development Income Tax	71,111	12,628	-	83,739
LOIT Public Safety	-	12,704	-	12,704
Riverboat	42,141	-	-	42,141
Rainy Day	48,448	-	2,123	46,325
Fire Department	14,667	24,320	33,785	5,202
Local Roads And Streets	1,540	3,201	4,696	45
Motor Vehicle Highway	91,320	32,320	50,291	73,349
Payroll	15,642	157,046	158,117	14,571
Chet's Park	8,131	1,784	438	9,477
Chet's Building	22,560	2,399	3,093	21,866
Wastewater Utility Operating	56,522	161,206	135,272	82,456
Wastewater Utility Bond and Interest	20,000	54,625	54,625	20,000
Wastewater Utility Reserve	56,798	-	-	56,798
Water Utility Operating	214,018	218,513	230,352	202,179
Water Utility Bond and Interest	-	89,904	89,904	-
Water Utility Customer Deposit	5,630	850	1,500	4,980
Water Utility Tower	37,000	6,000	-	43,000
Water Utility Reserve	89,125	-	-	89,125
Totals	<u>\$ 1,026,037</u>	<u>\$ 1,025,412</u>	<u>\$ 961,287</u>	<u>\$ 1,090,162</u>

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

TOWN OF ROYAL CENTER  
NOTES TO FINANCIAL STATEMENTS

**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), culture and recreation, 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,

TOWN OF ROYAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

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.

TOWN OF ROYAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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 (IC6-1.1-17-16) 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 (IC5-13), 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.

TOWN OF ROYAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

**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 (IC5-10.2 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/](http://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 prepared and/or approved by management of the Town. It is presented as intended by the Town.

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

	General	Riverboat	Rainy Day	Fire Department	Local Roads And Streets	Motor Vehicle Highway	Payroll	Chet's Park
Cash and investments - beginning	\$ 120,392	\$ 36,934	\$ 45,098	\$ 22,741	\$ 8,635	\$ 66,711	\$ 12,813	\$ 6,379
Receipts:								
Taxes	109,771	-	-	2,697	-	39,653	-	-
Intergovernmental	30,154	5,207	40,143	386	3,305	35,680	-	-
Charges for services	3,614	-	-	22,513	-	3,329	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	47,952	-	-	444	-	791	163,421	1,800
Total receipts	<u>191,491</u>	<u>5,207</u>	<u>40,143</u>	<u>26,040</u>	<u>3,305</u>	<u>79,453</u>	<u>163,421</u>	<u>1,800</u>
Disbursements:								
Personal services	83,994	-	-	10,585	-	27,705	-	-
Supplies	13,158	-	-	6,288	-	6,687	-	-
Other services and charges	-	-	-	17,241	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	5,400	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	94,159	-	36,793	-	10,400	20,452	160,592	48
Total disbursements	<u>196,711</u>	<u>-</u>	<u>36,793</u>	<u>34,114</u>	<u>10,400</u>	<u>54,844</u>	<u>160,592</u>	<u>48</u>
Excess (deficiency) of receipts over disbursements	<u>(5,220)</u>	<u>5,207</u>	<u>3,350</u>	<u>(8,074)</u>	<u>(7,095)</u>	<u>24,609</u>	<u>2,829</u>	<u>1,752</u>
Cash and investments - ending	<u>\$ 115,172</u>	<u>\$ 42,141</u>	<u>\$ 48,448</u>	<u>\$ 14,667</u>	<u>\$ 1,540</u>	<u>\$ 91,320</u>	<u>\$ 15,642</u>	<u>\$ 8,131</u>

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

	Chet's Building	Law Enforcement Continuing Ed	Levy Excess	Cumulative Capital Development	Cumulative Capital Improvement	County Economic Development Income Tax	Wastewater Utility Operating	Wastewater Utility Bond And Interest
Cash and investments - beginning	\$ 28,346	\$ -	\$ -	\$ 42,316	\$ 64,603	\$ 52,707	\$ 40,966	\$ 17,500
Receipts:								
Taxes	-	-	-	5,373	-	-	-	-
Intergovernmental	-	-	427	761	2,436	18,338	-	-
Charges for services	-	120	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	159,328	-
Penalties	-	-	-	-	-	-	3,668	-
Other receipts	2,483	-	-	-	176	66	46,865	54,319
Total receipts	<u>2,483</u>	<u>120</u>	<u>427</u>	<u>6,134</u>	<u>2,612</u>	<u>18,404</u>	<u>209,861</u>	<u>54,319</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	8,221	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	51,819
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	114,462	-
Other disbursements	48	-	-	-	-	-	79,843	-
Total disbursements	<u>8,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,305</u>	<u>51,819</u>
Excess (deficiency) of receipts over disbursements	<u>(5,786)</u>	<u>120</u>	<u>427</u>	<u>6,134</u>	<u>2,612</u>	<u>18,404</u>	<u>15,556</u>	<u>2,500</u>
Cash and investments - ending	<u>\$ 22,560</u>	<u>\$ 120</u>	<u>\$ 427</u>	<u>\$ 48,450</u>	<u>\$ 67,215</u>	<u>\$ 71,111</u>	<u>\$ 56,522</u>	<u>\$ 20,000</u>

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

	Wastewater Utility Reserve	Water Utility Operating	Water Utility Bond And Interest	Water Utility Customer Deposit	Water Utility Tower	Water Utility Reserve	Totals
Cash and investments - beginning	\$ 56,798	\$ 204,276	\$ -	\$ 5,730	\$ 31,000	\$ 89,125	\$ 953,070
Receipts:							
Taxes	-	-	-	-	-	-	157,494
Intergovernmental	-	-	-	-	-	-	136,837
Charges for services	-	-	-	-	-	-	29,576
Utility fees	-	193,371	-	-	-	-	352,699
Penalties	-	3,515	-	-	-	-	7,183
Other receipts	-	22,843	89,905	1,000	6,000	-	438,065
Total receipts	-	219,729	89,905	1,000	6,000	-	1,121,854
Disbursements:							
Personal services	-	-	-	-	-	-	122,284
Supplies	-	-	-	-	-	-	34,354
Other services and charges	-	-	-	-	-	-	17,241
Debt service - principal and interest	-	-	89,905	-	-	-	141,724
Capital outlay	-	-	-	-	-	-	5,400
Utility operating expenses	-	77,206	-	-	-	-	191,668
Other disbursements	-	132,781	-	1,100	-	-	536,216
Total disbursements	-	209,987	89,905	1,100	-	-	1,048,887
Excess (deficiency) of receipts over disbursements	-	9,742	-	(100)	6,000	-	72,967
Cash and investments - ending	\$ 56,798	\$ 214,018	\$ -	\$ 5,630	\$ 37,000	\$ 89,125	\$ 1,026,037

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

	General	Law Enforcement Continuing Ed	Levy Excess	Cumulative Capital Development	Cumulative Capital Improvement	County Economic Development Income Tax	LOIT Public Safety	Riverboat
Cash and investments - beginning	\$ 115,172	\$ 120	\$ 427	\$ 48,450	\$ 67,215	\$ 71,111	\$ -	\$ 42,141
Receipts:								
Taxes	200,132	-	-	5,217	-	-	-	-
Licenses and permits	-	500	-	-	-	-	-	-
Intergovernmental	30,089	-	-	884	2,391	12,577	12,704	-
Charges for services	6,910	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	1,653	-	-	-	136	51	-	-
Total receipts	<u>238,784</u>	<u>500</u>	<u>-</u>	<u>6,101</u>	<u>2,527</u>	<u>12,628</u>	<u>12,704</u>	<u>-</u>
Disbursements:								
Personal services	80,811	-	-	-	-	-	-	-
Supplies	17,385	-	-	-	-	-	-	-
Other services and charges	97,968	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	500	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	427	-	-	-	-	-
Total disbursements	<u>196,664</u>	<u>-</u>	<u>427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>42,120</u>	<u>500</u>	<u>(427)</u>	<u>6,101</u>	<u>2,527</u>	<u>12,628</u>	<u>12,704</u>	<u>-</u>
Cash and investments - ending	<u>\$ 157,292</u>	<u>\$ 620</u>	<u>\$ -</u>	<u>\$ 54,551</u>	<u>\$ 69,742</u>	<u>\$ 83,739</u>	<u>\$ 12,704</u>	<u>\$ 42,141</u>

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

	Rainy Day	Fire Department	Local Roads And Streets	Motor Vehicle Highway	Payroll	Chet's Park	Chet's Building	Wastewater Utility Operating
Cash and investments - beginning	\$ 48,448	\$ 14,667	\$ 1,540	\$ 91,320	\$ 15,642	\$ 8,131	\$ 22,560	\$ 56,522
Receipts:								
Taxes	-	334	-	7,563	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	57	3,201	21,790	-	-	-	-
Charges for services	-	23,400	-	600	-	-	-	-
Utility fees	-	-	-	-	-	-	-	156,176
Penalties	-	-	-	-	-	-	-	4,035
Other receipts	-	529	-	2,367	157,046	1,784	2,399	995
Total receipts	-	24,320	3,201	32,320	157,046	1,784	2,399	161,206
Disbursements:								
Personal services	-	12,000	-	21,939	-	-	-	-
Supplies	-	5,941	-	9,470	-	390	3,045	-
Other services and charges	2,123	15,844	-	13,221	-	48	48	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	5,661	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	78,487
Other disbursements	-	-	4,696	-	158,117	-	-	56,785
Total disbursements	2,123	33,785	4,696	50,291	158,117	438	3,093	135,272
Excess (deficiency) of receipts over disbursements	(2,123)	(9,465)	(1,495)	(17,971)	(1,071)	1,346	(694)	25,934
Cash and investments - ending	\$ 46,325	\$ 5,202	\$ 45	\$ 73,349	\$ 14,571	\$ 9,477	\$ 21,866	\$ 82,456

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

	Wastewater Utility Bond and Interest	Wastewater Utility Reserve	Water Utility Operating	Water Utility Bond and Interest	Water Utility Customer Deposit	Water Utility Tower	Water Utility Reserve	Totals
Cash and investments - beginning	\$ 20,000	\$ 56,798	\$ 214,018	\$ -	\$ 5,630	\$ 37,000	\$ 89,125	\$ 1,026,037
Receipts:								
Taxes	-	-	-	-	-	-	-	213,246
Licenses and permits	-	-	-	-	-	-	-	500
Intergovernmental	-	-	-	-	-	-	-	83,693
Charges for services	-	-	-	-	-	-	-	30,910
Utility fees	-	-	177,385	-	850	-	-	334,411
Penalties	-	-	5,297	-	-	-	-	9,332
Other receipts	54,625	-	35,831	89,904	-	6,000	-	353,320
Total receipts	54,625	-	218,513	89,904	850	6,000	-	1,025,412
Disbursements:								
Personal services	-	-	-	-	-	-	-	114,750
Supplies	-	-	-	-	-	-	-	36,231
Other services and charges	-	-	-	-	-	-	-	129,252
Debt service - principal and interest	54,625	-	-	89,904	-	-	-	144,529
Capital outlay	-	-	-	-	-	-	-	6,161
Utility operating expenses	-	-	119,126	-	-	-	-	197,613
Other disbursements	-	-	111,226	-	1,500	-	-	332,751
Total disbursements	54,625	-	230,352	89,904	1,500	-	-	961,287
Excess (deficiency) of receipts over disbursements	-	-	(11,839)	-	(650)	6,000	-	64,125
Cash and investments - ending	\$ 20,000	\$ 56,798	\$ 202,179	\$ -	\$ 4,980	\$ 43,000	\$ 89,125	\$ 1,090,162

TOWN OF ROYAL CENTER  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ -	\$ 7,500
Wastewater	-	-
Water	-	-
Totals	<u>\$ -</u>	<u>\$ 7,500</u>

TOWN OF ROYAL CENTER  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Revenue bonds	1996 Sewage Bond	\$ 230,000	\$ 52,285
Water:			
Revenue bonds	2002 Water Bond	836,478	89,905
Totals		<u>\$ 1,066,478</u>	<u>\$ 142,190</u>

TOWN OF ROYAL CENTER  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 36,000
Buildings	689,000
Improvements other than buildings	975
Infrastructure, machinery, equipment and vehicles	1,138,447
Total governmental activities	1,864,422
Wastewater:	
Land	14,000
Buildings	786,000
Infrastructure, machinery, equipment and vehicles	1,749,861
Total Wastewater	2,549,861
Water:	
Land	2,000
Buildings	60,000
Infrastructure, machinery, equipment and vehicles	619,370
Total Water	681,370
Total capital assets	\$ 5,095,653

TOWN OF ROYAL CENTER  
EXAMINATION RESULTS AND COMMENTS

***PENALTIES, INTEREST AND OTHER CHARGES***

Penalties and interest totaling \$2,636 were paid on March 18, 2011, to the Indiana Department of Revenue for late payment of Utility Receipt Tax for the period 2003 to 2009.

Interest totaling \$88 was paid on March 18, 2011, to the Indiana Department of Revenue for late payment of Sales Tax for the period of 2008-2009.

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

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

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

***APPROPRIATIONS***

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Local Road and Street	2011	<u>\$ 1,500</u>

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."

***COMPENSATION AND BENEFITS***

Lucian Eller II, Wastewater Supervisor, was overpaid by \$240 according to the approved salary ordinance for 2010. An adjustment will be made to 2012 pay to correct this error.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROYAL CENTER  
EXIT CONFERENCE

The contents of this report were discussed on July 18, 2012, with Sandy S. Minnick, Clerk-Treasurer, and Dave Houser, Town Council member. The officials concurred with our findings.