

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF ROACHDALE
PUTNAM COUNTY, INDIANA

January 1, 2011 to December 31, 2012



FILED
07/03/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	6-7
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	11
Notes to Financial Statement	12-15
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	18-23
Schedule of Payables and Receivables	24
Schedule of Leases and Debt	25
Schedule of Capital Assets	27
Audit Result and Comment:	
Internal Controls Over Financial Transactions and Reporting	28
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	30-31
Schedule of Expenditures of Federal Awards	35
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Findings and Questioned Costs	37-38
Auditee Prepared Schedule:	
Corrective Action Plan	39
Exit Conference	40

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Martha Louk	11-19-07 to 12-31-15
President of the Town Council	William R. Long Jackie R. Jones	01-01-11 to 12-31-11 01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ROACHDALE, PUTNAM COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Roachdale (Town), which comprises the financial position and results of operations for the period of January 1, 2011 to December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 2, 2013, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. 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 statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman
State Examiner

May 2, 2013



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF ROACHDALE, PUTNAM COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Town of Roachdale (Town), which comprises the financial position and results of operations for the period of January 1, 2011 to December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated May 2, 2013, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Roachdale's Response to Findings

The Town's response to the findings identified in our audit is described in the Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

May 2, 2013

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FINANCIAL STATEMENT

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

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TOWN OF ROACHDALE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
General Fund Checking	\$ 333,810	\$ 255,112	\$ 249,007	\$ 339,915	\$ 273,251	\$ 226,685	\$ 386,481
Mvh Operating	181,575	39,030	58,034	162,571	38,041	22,747	177,865
Lr&S Operating	29,721	3,936	-	33,657	3,899	773	36,783
Edit Fund Operating	153,427	110,519	-	263,946	28,552	-	292,498
Lece Operating Fund	4,609	390	-	4,999	1,374	1,541	4,832
Rainy Day Cagit	22,493	-	-	22,493	-	-	22,493
Ccd Checking	53,982	5,905	-	59,887	5,960	-	65,847
Cci Checking	32,063	2,800	2,324	32,539	2,456	-	34,995
Cjig Operating Fund	261	-	-	261	-	-	261
Rainy Day Fund Edit	4,078	9,426	-	13,504	-	-	13,504
Park Fund	2,344	20	-	2,364	-	211	2,153
Payroll Operating Cash Acct	25,681	337,352	330,952	32,081	269,421	258,020	43,482
Sewer Cash Operating	29,665	203,798	209,899	23,564	205,638	195,869	33,333
Sewage Savings 702013	66,221	319	-	66,540	181	-	66,721
Sewer Reserve/Debt 737682	45,402	219	-	45,621	124	-	45,745
Water Cash Operating	48,779	201,447	207,544	42,682	200,274	185,279	57,677
Water Meter Deposits	11,555	1,465	1,495	11,525	1,745	1,660	11,610
Gas O&M Reserve	-	200	-	200	-	-	200
Gas Debt Service Reserve	-	200	-	200	-	-	200
Gas USDA Loan	-	-	-	-	1,378,256	1,378,209	47
Gas Cash Operating	55,459	467,430	449,976	72,913	391,144	398,817	65,240
Gas Meter Deposits	10,221	5,859	5,653	10,427	5,472	6,120	9,779
Gas Savings	31,913	199	400	31,712	117	-	31,829
Ach Clearing Acct	200	-	-	200	-	200	-
Gas Meter Deposit Savings	20,579	-	-	20,579	-	-	20,579
Totals	<u>\$ 1,164,038</u>	<u>\$ 1,645,626</u>	<u>\$ 1,515,284</u>	<u>\$ 1,294,380</u>	<u>\$ 2,805,905</u>	<u>\$ 2,676,131</u>	<u>\$ 1,424,154</u>

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

TOWN OF ROACHDALE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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 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), wheel 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: dog tax licenses, 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.

TOWN OF ROACHDALE
NOTES TO FINANCIAL STATEMENT
(Continued)

Charges for services which can include, but are not limited to the following: accident report copies, gun permit applications, 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; and internal service receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

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

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

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

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: 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.

TOWN OF ROACHDALE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

TOWN OF ROACHDALE
 NOTES TO FINANCIAL STATEMENT
 (Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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.

Note 7. Restatements

For the year ended December 31, 2011, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 2010	Prior Period Adjustment	Balance as of January 1, 2011
Payroll Operating Cash Act	\$ 24,544	\$ 1,137	\$ 25,681

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual 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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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

	General Fund Checking	Mvh Operating	Lr&S Operating	Edit Fund Operating	Lece Operating Fund	Rainy Day Cagit	Ccd Checking	Cci Checking	Cjig Operating Fund
Cash and investments - beginning	\$ 333,810	\$ 181,575	\$ 29,721	\$ 153,427	\$ 4,609	\$ 22,493	\$ 53,982	\$ 32,063	\$ 261
Receipts:									
Taxes	163,332	-	-	110,519	-	-	5,874	-	-
Licenses and permits	429	-	-	-	350	-	-	-	-
Intergovernmental	77,977	39,030	3,936	-	-	-	31	2,800	-
Charges for services	3	-	-	-	40	-	-	-	-
Fines and forfeits	2,460	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	10,911	-	-	-	-	-	-	-	-
Total receipts	255,112	39,030	3,936	110,519	390	-	5,905	2,800	-
Disbursements:									
Personal services	104,044	-	-	-	-	-	-	-	-
Supplies	24,989	-	-	-	-	-	-	-	-
Other services and charges	65,691	58,034	-	-	-	-	-	274	-
Capital outlay	54,283	-	-	-	-	-	-	2,050	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	249,007	58,034	-	-	-	-	-	2,324	-
Excess (deficiency) of receipts over disbursements	6,105	(19,004)	3,936	110,519	390	-	5,905	476	-
Cash and investments - ending	\$ 339,915	\$ 162,571	\$ 33,657	\$ 263,946	\$ 4,999	\$ 22,493	\$ 59,887	\$ 32,539	\$ 261

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

	Rainy Day Fund Edit	Park Fund	Payroll Operating Cash Acct	Sewer Cash Operating	Sewage Savings 702013	Sewer Reserve/Debt 737682	Water Cash Operating	Water Meter Deposits	Gas O&M Reserve
Cash and investments - beginning	\$ 4,078	\$ 2,344	\$ 25,681	\$ 29,665	\$ 66,221	\$ 45,402	\$ 48,779	\$ 11,555	\$ -
Receipts:									
Taxes	9,426	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	201,221	-	-	165,088	-	-
Other receipts	-	20	337,352	2,577	319	219	36,359	1,465	200
Total receipts	9,426	20	337,352	203,798	319	219	201,447	1,465	200
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	209,899	-	-	185,580	-	-
Other disbursements	-	-	330,952	-	-	-	21,964	1,495	-
Total disbursements	-	-	330,952	209,899	-	-	207,544	1,495	-
Excess (deficiency) of receipts over disbursements	9,426	20	6,400	(6,101)	319	219	(6,097)	(30)	200
Cash and investments - ending	\$ 13,504	\$ 2,364	\$ 32,081	\$ 23,564	\$ 66,540	\$ 45,621	\$ 42,682	\$ 11,525	\$ 200

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

	Gas Debt Service Reserve	Gas USDA Loan	Gas Cash Operating	Gas Meter Deposits	Gas Savings	Ach Clearing Acct	Gas Meter Deposit Savings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 55,459	\$ 10,221	\$ 31,913	\$ 200	\$ 20,579	\$ 1,164,038
Receipts:								
Taxes	-	-	-	-	-	-	-	289,151
Licenses and permits	-	-	-	-	-	-	-	779
Intergovernmental	-	-	-	-	-	-	-	123,774
Charges for services	-	-	-	-	-	-	-	43
Fines and forfeits	-	-	-	-	-	-	-	2,460
Utility fees	-	-	460,942	-	-	-	-	827,251
Other receipts	200	-	6,488	5,859	199	-	-	402,168
Total receipts	200	-	467,430	5,859	199	-	-	1,645,626
Disbursements:								
Personal services	-	-	-	-	-	-	-	104,044
Supplies	-	-	-	-	-	-	-	24,989
Other services and charges	-	-	-	-	-	-	-	123,999
Capital outlay	-	-	-	-	-	-	-	56,333
Utility operating expenses	-	-	384,669	-	-	-	-	780,148
Other disbursements	-	-	65,307	5,653	400	-	-	425,771
Total disbursements	-	-	449,976	5,653	400	-	-	1,515,284
Excess (deficiency) of receipts over disbursements	200	-	17,454	206	(201)	-	-	130,342
Cash and investments - ending	\$ 200	\$ -	\$ 72,913	\$ 10,427	\$ 31,712	\$ 200	\$ 20,579	\$ 1,294,380

TOWN OF ROACHDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	General Fund Checking	Mvh Operating	Lr&S Operating	Edit Fund Operating	Lece Operating Fund	Rainy Day Cagit	Ccd Checking	Cci Checking	Cjig Operating Fund
Cash and investments - beginning	\$ 339,915	\$ 162,571	\$ 33,657	\$ 263,946	\$ 4,999	\$ 22,493	\$ 59,887	\$ 32,539	\$ 261
Receipts:									
Taxes	184,246	13,731	-	28,552	-	-	5,960	-	-
Licenses and permits	360	-	-	-	710	-	-	-	-
Intergovernmental	81,753	24,310	3,899	-	-	-	-	2,456	-
Charges for services	-	-	-	-	50	-	-	-	-
Fines and forfeits	1,476	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-	-
Other receipts	5,416	-	-	-	614	-	-	-	-
Total receipts	<u>273,251</u>	<u>38,041</u>	<u>3,899</u>	<u>28,552</u>	<u>1,374</u>	<u>-</u>	<u>5,960</u>	<u>2,456</u>	<u>-</u>
Disbursements:									
Personal services	106,946	-	-	-	-	-	-	-	-
Supplies	20,430	-	-	-	1,541	-	-	-	-
Other services and charges	72,561	4,482	-	-	-	-	-	-	-
Capital outlay	26,748	18,265	773	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	<u>226,685</u>	<u>22,747</u>	<u>773</u>	<u>-</u>	<u>1,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>46,566</u>	<u>15,294</u>	<u>3,126</u>	<u>28,552</u>	<u>(167)</u>	<u>-</u>	<u>5,960</u>	<u>2,456</u>	<u>-</u>
Cash and investments - ending	<u>\$ 386,481</u>	<u>\$ 177,865</u>	<u>\$ 36,783</u>	<u>\$ 292,498</u>	<u>\$ 4,832</u>	<u>\$ 22,493</u>	<u>\$ 65,847</u>	<u>\$ 34,995</u>	<u>\$ 261</u>

TOWN OF ROACHDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Rainy Day Fund Edit	Park Fund	Payroll Operating Cash Acct	Sewer Cash Operating	Sewage Savings 702013	Sewer Reserve/Debt 737682	Water Cash Operating	Water Meter Deposits	Gas O&M Reserve
Cash and investments - beginning	\$ 13,504	\$ 2,364	\$ 32,081	\$ 23,564	\$ 66,540	\$ 45,621	\$ 42,682	\$ 11,525	\$ 200
Receipts:									
Taxes	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Utility fees	-	-	-	204,403	-	-	165,871	-	-
Other receipts	-	-	269,421	1,235	181	124	34,403	1,745	-
Total receipts	-	-	269,421	205,638	181	124	200,274	1,745	-
Disbursements:									
Personal services	-	-	-	-	-	-	-	-	-
Supplies	-	211	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	150,876	-	-	122,070	-	-
Other disbursements	-	-	258,020	44,993	-	-	63,209	1,660	-
Total disbursements	-	211	258,020	195,869	-	-	185,279	1,660	-
Excess (deficiency) of receipts over disbursements	-	(211)	11,401	9,769	181	124	14,995	85	-
Cash and investments - ending	\$ 13,504	\$ 2,153	\$ 43,482	\$ 33,333	\$ 66,721	\$ 45,745	\$ 57,677	\$ 11,610	\$ 200

TOWN OF ROACHDALE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Gas Debt Service Reserve	Gas USDA Loan	Gas Cash Operating	Gas Meter Deposits	Gas Savings	Ach Clearing Acct	Gas Meter Deposit Savings	Totals
Cash and investments - beginning	\$ 200	\$ -	\$ 72,913	\$ 10,427	\$ 31,712	\$ 200	\$ 20,579	\$ 1,294,380
Receipts:								
Taxes	-	-	-	-	-	-	-	232,489
Licenses and permits	-	-	-	-	-	-	-	1,070
Intergovernmental	-	-	-	-	-	-	-	112,418
Charges for services	-	-	-	-	-	-	-	50
Fines and forfeits	-	-	-	-	-	-	-	1,476
Utility fees	-	-	386,670	-	-	-	-	756,944
Other receipts	-	1,378,256	4,474	5,472	117	-	-	1,701,458
Total receipts	-	1,378,256	391,144	5,472	117	-	-	2,805,905
Disbursements:								
Personal services	-	-	-	-	-	-	-	106,946
Supplies	-	-	-	-	-	-	-	22,182
Other services and charges	-	-	-	-	-	-	-	77,043
Capital outlay	-	-	-	-	-	-	-	45,786
Utility operating expenses	-	-	338,402	-	-	-	-	611,348
Other disbursements	-	1,378,209	60,415	6,120	-	200	-	1,812,826
Total disbursements	-	1,378,209	398,817	6,120	-	200	-	2,676,131
Excess (deficiency) of receipts over disbursements	-	47	(7,673)	(648)	117	(200)	-	129,774
Cash and investments - ending	\$ 200	\$ 47	\$ 65,240	\$ 9,779	\$ 31,829	\$ -	\$ 20,579	\$ 1,424,154

TOWN OF ROACHDALE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 230	\$ 807
Water	3,519	3,171
Gas	5,382	132,791
Governmental activities	<u>3,558</u>	<u>-</u>
Totals	<u>\$ 12,689</u>	<u>\$ 136,769</u>

TOWN OF ROACHDALE
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	2013 Ford Explorer Police Dept	\$ 28,956	\$ 10,112
Wastewater:			
General obligation bonds	SRF BOND	194,000	42,178
Gas:			
Notes and loans payable	Replace Gas System	1,102,000	42,572
Notes and loans payable	Replace Gas System	524,000	18,356
Total Gas		<u>1,626,000</u>	<u>60,928</u>
Totals		<u>\$ 1,848,956</u>	<u>\$ 113,218</u>

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TOWN OF ROACHDALE
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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:	
Infrastructure	\$ 258,009
Buildings	1,812,860
Improvements other than buildings	134,823
Machinery, equipment, and vehicles	159,153
Total governmental activities	2,364,845
Wastewater:	
Infrastructure	9,066
Buildings	9,114
Improvements other than buildings	1,908,610
Machinery, equipment, and vehicles	23,774
Total Wastewater	1,950,564
Water:	
Infrastructure	54,302
Buildings	66,556
Improvements other than buildings	700,639
Machinery, equipment, and vehicles	11,366
Total Water	832,863
Gas:	
Infrastructure	44,510
Buildings	5,033
Improvements other than buildings	878,231
Machinery, equipment, and vehicles	128,820
Construction in progress	1,378,210
Total Gas	2,434,804
Total capital assets	\$ 7,583,076

TOWN OF ROACHDALE
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The Town Council should exercise their oversight responsibility to reduce the risk that controls may not be designed or operating effectively. Additionally, the Town Council has no process to identify or communicate corrective actions to improve controls.

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)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE TOWN OF ROACHDALE, PUTNAM COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Town of Roachdale's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of January 1, 2011 to December 31, 2012. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of January 1, 2011 to December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the type of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman
State Examiner

May 2, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards was prepared by management of the Town. The accompanying notes presented were approved by management of the Town. The schedule and notes are presented as intended by the Town.

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TOWN OF ROACHDALE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended December 31, 2011 and 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-11	Total Federal Awards Expended 12-31-12
<u>Department of Agriculture</u>					
Community Facilities Loans and Grants Cluster					
Community Facilities Loans and Grants	Direct				
Gas Replacement Project		10.766	NA	\$ -	\$ 276,056
ARRA - Community Facilities Loans and Grants	Direct				
ARRA - Gas Replacement Project		10.780	NA	-	<u>1,102,000</u>
Total federal awards expended				<u>\$ -</u>	<u>\$ 1,378,056</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF ROACHDALE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Roachdale (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Loans Outstanding

The Town had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2011 and 2012. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
Community Facilities Loans and Grants	10.766	\$ -	\$ 276,056
ARRA - Community Facilities Loans and Grants	10.780	-	1,102,000

TOWN OF ROACHDALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statement and then determining how those identified risks should be managed. The Town has identified risks to the preparation of reliable financial statement but does not have the personnel to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statement.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

Town Council
Jackie R. Jones
Barbara A. Scott
J. Zachary Bowers

Clerk Treasurer
Martha A. Louk

Town of Roachdale
205 N. Indiana Street
P.O. Box 198
Roachdale, IN 46172
Phone (765)522-1532 Fax (765)522-2297

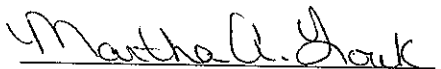
Finding 2012-1
Corrective Action Plan

April 25, 2013

State Board of Accounts
302 Washington St., Room E418
Indianapolis, IN 46204-2765

We have reviewed our internal control system and have designed the following control procedures; which will ensure the correction of our control deficiency:

In order to improve the segregation of duties, thereby strengthening internal controls, we agree to have the Deputy Clerk review, initial, and approve the monthly bank reconcilements. The Deputy Clerk does not post receipts or disbursements to the general ledger.


Martha A. Louk, Clerk-Treasurer

April 25, 2013
Date

TOWN OF ROACHDALE
EXIT CONFERENCE

The contents of this report were discussed on May 2, 2013, with Martha Louk, Clerk-Treasurer, and Jackie R. Jones, President of the Town Council. The officials concurred with our audit finding.