

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF FERDINAND  
DUBOIS COUNTY, INDIANA

January 1, 2017 to December 31, 2017



**FILED**  
05/29/2018



## 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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10
Notes to Financial Statement .....	11-14
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	16-20
Schedule of Payables and Receivables .....	21
Schedule of Leases and Debt .....	22
Schedule of Capital Assets.....	23
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance .....	26-27
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	30
Notes to Schedule of Expenditures of Federal Awards .....	31
Schedule of Findings and Questioned Costs .....	32
Other Reports.....	33

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Beverly A. Schulthise Tamara M. Miller	01-01-16 to 12-31-17 01-01-18 to 12-31-19
President of the Town Council	Kenneth J. Sicard	01-01-17 to 12-31-18



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FERDINAND, DUBOIS COUNTY, INDIANA

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the Town of Ferdinand (Town), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement as listed in the Table of Contents.

### ***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 from 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

As discussed in Note 1 to 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.

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 year ended December 31, 2017.

***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 year ended December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 records 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.


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2018, 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 solely 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 effectiveness of the Town's 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.

  
Paul D. Joyce, CPA  
State Examiner

May 3, 2018



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AN EQUAL OPPORTUNITY EMPLOYER

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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 FERDINAND, DUBOIS 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 Ferdinand (Town), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated May 3, 2018, 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.

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 Town's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


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*.

**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.

  
Paul D. Joyce, CPA  
State Examiner

May 3, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

TOWN OF FERDINAND  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
General	\$ 934,293	\$ 871,640	\$ 895,561	\$ 910,372
Motor Vehicle Highway	108,842	312,137	274,114	146,865
Local Road And Street	86,025	19,243	24,052	81,216
Local Road & Bridge Matching Grant Fund	421,394	-	185,851	235,543
Law Enforcement Continuing Ed	2,209	1,505	3,103	611
Riverboat	60,764	12,778	-	73,542
Parks And Recreation	32,707	210,302	162,237	80,772
Rainy Day	109,233	80,000	20,400	168,833
Cumulative Capital Development	232,111	47,186	1,111	278,186
Co Economic Development Income Tax	328,334	195,701	-	524,035
Cumulative Capital Improvement	9,125	5,246	5,169	9,202
Mural Project	1,635	150	1,785	-
Park Donation	6,932	5,900	10,042	2,790
Petty Cash	1,600	-	-	1,600
Folk Festival Fund	18,805	44,832	42,491	21,146
Payroll	-	1,075,252	1,075,252	-
Payroll/Tax/Ins. Clearing	-	109,879	109,879	-
Electric Utility-Operating	2,381,883	3,107,562	3,032,996	2,456,449
Electric Utility-Deprec/Improve	485	101,000	99,584	1,901
Electric Utility-Customer Deposit	13,240	4,900	3,100	15,040
Electric Utility-Other #1	444,115	3,138	-	447,253
Wastewater Utility-Construction	105,427	1,650,474	1,755,801	100
Wastewater Utility-Operating	67,169	473,410	439,375	101,204
Wastewater Util-Bond And Interest	272,403	276,000	190,774	357,629
Wastewater Utility-Deprec/Improve	187,365	218,787	265,375	140,777
Wastewater Utility-Customer Deposit	13,800	5,300	3,700	15,400
Water Utility-Operating	796,813	519,740	1,039,489	277,064
Water Utility-Deprec/Improve	1,663	648,679	649,096	1,246
Water Utility-Customer Deposit	14,200	5,300	3,700	15,800
Totals	<u>\$ 6,652,572</u>	<u>\$ 10,006,041</u>	<u>\$ 10,294,037</u>	<u>\$ 6,364,576</u>

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

TOWN OF FERDINAND  
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 and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement 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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

*Fines and forfeits.* Amounts received 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.* Amounts received from charges for current services.

*Penalties.* Amounts received from late payment fees.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

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

*Personal services.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

*Debt service - principal and interest.* Amounts disbursed for 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.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

TOWN OF FERDINAND  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. *Deposits and Investments***

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

State statutes authorize the Town to invest in securities including, but not limited to, the following: 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

#### OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 Town's Annual Financial Report 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 other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	General	Motor Vehicle Highway	Local Road And Street	Local Road & Bridge Matching Grant Fund	Law Enforcement Continuing Ed	Riverboat
Cash and investments - beginning	\$ 934,293	\$ 108,842	\$ 86,025	\$ 421,394	\$ 2,209	\$ 60,764
Receipts:						
Taxes	630,004	175,616	-	-	-	-
Licenses and permits	16,458	-	-	-	1,140	-
Intergovernmental receipts	142,069	127,331	19,243	-	-	12,778
Charges for services	74,825	-	-	-	-	-
Fines and forfeits	150	-	-	-	365	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	8,134	9,190	-	-	-	-
Total receipts	871,640	312,137	19,243	-	1,505	12,778
Disbursements:						
Personal services	494,154	167,132	-	-	-	-
Supplies	31,476	45,652	-	-	-	-
Other services and charges	146,349	25,739	-	-	3,103	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	58,922	34,654	24,052	185,851	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	164,660	937	-	-	-	-
Total disbursements	895,561	274,114	24,052	185,851	3,103	-
Excess (deficiency) of receipts over disbursements	(23,921)	38,023	(4,809)	(185,851)	(1,598)	12,778
Cash and investments - ending	\$ 910,372	\$ 146,865	\$ 81,216	\$ 235,543	\$ 611	\$ 73,542

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Parks And Recreation	Rainy Day	Cumulative Capital Development	Co Economic Development Income Tax	Cumulative Capital Improvement	Mural Project
Cash and investments - beginning	\$ 32,707	\$ 109,233	\$ 232,111	\$ 328,334	\$ 9,125	\$ 1,635
Receipts:						
Taxes	158,911	-	44,166	195,701	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	10,857	-	3,020	-	5,246	-
Charges for services	37,874	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	2,660	80,000	-	-	-	150
Total receipts	210,302	80,000	47,186	195,701	5,246	150
Disbursements:						
Personal services	75,333	-	-	-	-	-
Supplies	6,572	-	-	-	-	-
Other services and charges	28,424	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	51,908	20,400	1,111	-	5,169	1,785
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	162,237	20,400	1,111	-	5,169	1,785
Excess (deficiency) of receipts over disbursements	48,065	59,600	46,075	195,701	77	(1,635)
Cash and investments - ending	\$ 80,772	\$ 168,833	\$ 278,186	\$ 524,035	\$ 9,202	\$ -

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Park Donation	Petty Cash	Folk Festival Fund	Payroll	Payroll/Tax/Ins. Clearing	Electric Utility- Operating
Cash and investments - beginning	\$ 6,932	\$ 1,600	\$ 18,805	\$ -	\$ -	\$ 2,381,883
Receipts:						
Taxes	-	-	-	-	-	70,039
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	3,005,495
Penalties	-	-	-	-	-	2,754
Other receipts	5,900	-	44,832	1,075,252	109,879	29,274
Total receipts	5,900	-	44,832	1,075,252	109,879	3,107,562
Disbursements:						
Personal services	-	-	-	676,237	109,879	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	42,491	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	10,042	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	2,775,899
Other disbursements	-	-	-	399,015	-	257,097
Total disbursements	10,042	-	42,491	1,075,252	109,879	3,032,996
Excess (deficiency) of receipts over disbursements	(4,142)	-	2,341	-	-	74,566
Cash and investments - ending	\$ 2,790	\$ 1,600	\$ 21,146	\$ -	\$ -	\$ 2,456,449

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Electric Utility- Deprec/Improve	Electric Utility- Customer Deposit	Electric Utility- Other #1	Wastewater Utility- Construction	Wastewater Utility- Operating	Wastewater Util-Bond And Interest
Cash and investments - beginning	\$ 485	\$ 13,240	\$ 444,115	\$ 105,427	\$ 67,169	\$ 272,403
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	654,115	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	407,523	276,000
Penalties	-	-	-	-	5,550	-
Other receipts	101,000	4,900	3,138	996,359	60,337	-
Total receipts	101,000	4,900	3,138	1,650,474	473,410	276,000
Disbursements:						
Personal services	-	-	-	-	185,961	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	21,256	-
Debt service - principal and interest	-	-	-	-	-	190,774
Capital outlay	99,584	-	-	1,755,801	-	-
Utility operating expenses	-	-	-	-	178,869	-
Other disbursements	-	3,100	-	-	53,289	-
Total disbursements	99,584	3,100	-	1,755,801	439,375	190,774
Excess (deficiency) of receipts over disbursements	1,416	1,800	3,138	(105,327)	34,035	85,226
Cash and investments - ending	\$ 1,901	\$ 15,040	\$ 447,253	\$ 100	\$ 101,204	\$ 357,629

TOWN OF FERDINAND  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	Wastewater Utility- Deprec/Improve	Wastewater Utility- Customer Deposit	Water Utility- Operating	Water Utility- Deprec/Improve	Water Utility- Customer Deposit	Totals
Cash and investments - beginning	\$ 187,365	\$ 13,800	\$ 796,813	\$ 1,663	\$ 14,200	\$ 6,652,572
Receipts:						
Taxes	-	-	26,042	-	-	1,300,479
Licenses and permits	-	-	-	-	-	17,598
Intergovernmental receipts	-	-	-	-	-	974,659
Charges for services	-	-	-	-	-	112,699
Fines and forfeits	-	-	-	-	-	515
Utility fees	215,000	-	487,357	8,626	-	4,400,001
Penalties	-	-	978	-	-	9,282
Other receipts	3,787	5,300	5,363	640,053	5,300	3,190,808
Total receipts	218,787	5,300	519,740	648,679	5,300	10,006,041
Disbursements:						
Personal services	-	-	110,589	-	-	1,819,285
Supplies	-	-	-	-	-	83,700
Other services and charges	-	-	10,922	-	-	278,284
Debt service - principal and interest	-	-	-	-	-	190,774
Capital outlay	244,064	-	-	649,096	-	3,142,439
Utility operating expenses	21,311	-	236,930	-	-	3,213,009
Other disbursements	-	3,700	681,048	-	3,700	1,566,546
Total disbursements	265,375	3,700	1,039,489	649,096	3,700	10,294,037
Excess (deficiency) of receipts over disbursements	(46,588)	1,600	(519,749)	(417)	1,600	(287,996)
Cash and investments - ending	\$ 140,777	\$ 15,400	\$ 277,064	\$ 1,246	\$ 15,800	\$ 6,364,576

TOWN OF FERDINAND  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Electric	\$ 9,439	\$ 225,020
Wastewater	3,965	67,167
Water	46,646	34,580
Governmental activities	13,643	929
Totals	\$ 73,693	\$ 327,696

TOWN OF FERDINAND  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2017

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Wastewater:			
Revenue bonds	Sewage Works Revenue Bonds of 2014	\$ 2,545,000	\$ 178,460
Revenue bonds	Sewage Works Revenue Bonds of 2016	<u>1,163,000</u>	<u>49,703</u>
Total Wastewater		<u>3,708,000</u>	<u>228,163</u>
Totals		<u>\$ 3,708,000</u>	<u>\$ 228,163</u>

TOWN OF FERDINAND  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2017

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	\$ 26,025
Infrastructure	1,166,458
Buildings	2,069,060
Improvements other than buildings	7,699,231
Machinery, equipment, and vehicles	<u>2,663,611</u>
Total governmental activities	<u>13,624,385</u>
Electric:	
Land	1,500
Buildings	315,175
Improvements other than buildings	1,601,009
Machinery, equipment, and vehicles	302,979
Construction in progress	<u>18,051</u>
Total Electric	<u>2,238,714</u>
Wastewater:	
Land	14,407
Buildings	4,367,497
Improvements other than buildings	3,572,551
Machinery, equipment, and vehicles	513,159
Construction in progress	<u>1,825,309</u>
Total Wastewater	<u>10,292,923</u>
Water:	
Land	66,749
Buildings	101,905
Improvements other than buildings	2,861,709
Machinery, equipment, and vehicles	<u>59,009</u>
Total Water	<u>3,089,372</u>
Total capital assets	<u>\$ 29,245,394</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE TOWN OF FERDINAND, DUBOIS COUNTY, INDIANA

**Report on Compliance for the Major Federal Program**

We have audited the Town of Ferdinand's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the 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 year ended December 31, 2017.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 the 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 types 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 the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

May 3, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

TOWN OF FERDINAND  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2017

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Water and Waste Disposal Systems for Rural Communities Phosphorus Removal/Sludge Processing	Direct grant	10.760	Loan Grant	\$ -	\$ 996,348
Total - Water and Waste Disposal Systems for Rural Communities				-	1,650,463
Total - Department of Agriculture				-	1,650,463
Total Federal Awards Expended				<u>\$ -</u>	<u>\$ 1,650,463</u>

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

TOWN OF FERDINAND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position of the Town.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF FERDINAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
10.760	Water and Waste Disposal Systems for Rural Communities	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000		
Auditee qualified as low-risk auditee?		no

**Section II - Financial Statement Findings**

No matters are reportable.

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.