

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, 2017 to December 31, 2017



FILED
12/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Debbie Sillery	01-01-16 to 12-31-19
President of the Town Council	J. Zachary Bowers	01-01-16 to 12-31-17



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 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 November 7, 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

November 7, 2018



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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 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 year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated November 7, 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

November 7, 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 ROACHDALE
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 FUND	\$ 315,863	\$ 289,787	\$ 188,366	\$ 417,284
MOTOR VEHICLE HIGHWAY	193,168	46,237	21,532	217,873
LOCAL ROAD & STREET	52,365	5,007	-	57,372
LOCAL LAW ENF CONT ED	8,012	870	2,476	6,406
RIVERBOAT	-	5,486	-	5,486
PARK & RECREATION	2,055	510	187	2,378
RAINY DAY	238,200	-	200,154	38,046
CUM CAP DEVELOPMENT	87,911	4,906	-	92,817
ECONOMIC DEV INCOME TAX	37,509	30,953	-	68,462
CUM CAP IMP - CIG TAX	32,202	2,252	-	34,454
PUBLIC SAFETY LOIT	22,353	30,946	526	52,773
SPECIAL LOIT DISTRIBUTION	24,436	-	-	24,436
CJIG FUND	261	-	-	261
POLICE DOG DONATION	1,513	936	1,796	653
LYKENS SAVINGS ACCOUNT	4,196	4	-	4,200
WASTEWATER GRANT FUND	-	450,000	450,000	-
GRAVES RETAINAGE	-	57,590	57,590	-
STORMWATER GRANT	-	1,000,000	1,000,000	-
ISI RETAINAGE	-	53,934	53,934	-
PAYROLL	68,482	220,717	215,603	73,596
WASTEWATER UTILITY OPERATING	71,490	265,576	200,568	136,498
STORMWATER OPERATING	168,118	16,230	143,670	40,678
WATER UTILITY OPERATING	94,279	308,599	300,691	102,187
WATER UTL METER DEPOSIT	17,151	2,100	1,440	17,811
GAS UTILITY OPERATING	184,792	906,563	836,178	255,177
GAS BOND & INTEREST	49,274	75,780	75,161	49,893
GAS DEBT SERVICE RESERVE	76,000	-	-	76,000
GAS METER DEPOSIT	37,654	4,950	3,400	39,204
GAS O&M RESERVE	35,617	-	-	35,617
GAS USDA FUND	47	-	-	47
Totals	\$ 1,822,948	\$ 3,779,933	\$ 3,753,272	\$ 1,849,609

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 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 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

TOWN OF ROACHDALE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

TOWN OF ROACHDALE
NOTES TO FINANCIAL STATEMENT
(Continued)

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 ROACHDALE
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.

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 a cost-sharing 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF ROACHDALE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

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

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	LOCAL LAW ENF CONT ED	RIVERBOAT	PARK & RECREATION
Cash and investments - beginning	\$ 315,863	\$ 193,168	\$ 52,365	\$ 8,012	\$ -	\$ 2,055
Receipts:						
Taxes	238,149	11,172	-	-	-	-
Licenses and permits	1,025	-	-	850	-	-
Intergovernmental receipts	38,367	35,065	5,007	-	5,486	-
Charges for services	-	-	-	20	-	-
Fines and forfeits	515	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	11,731	-	-	-	-	510
Total receipts	289,787	46,237	5,007	870	5,486	510
Disbursements:						
Personal services	108,668	-	-	-	-	-
Supplies	14,974	7,208	-	-	-	187
Other services and charges	51,318	14,324	-	2,476	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	13,406	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	188,366	21,532	-	2,476	-	187
Excess (deficiency) of receipts over disbursements	101,421	24,705	5,007	(1,606)	5,486	323
Cash and investments - ending	\$ 417,284	\$ 217,873	\$ 57,372	\$ 6,406	\$ 5,486	\$ 2,378

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

	RAINY DAY	CUM CAP DEVELOPMENT	ECONOMIC DEV INCOME TAX	CUM CAP IMP - CIG TAX	PUBLIC SAFETY LOIT
Cash and investments - beginning	\$ 238,200	\$ 87,911	\$ 37,509	\$ 32,202	\$ 22,353
Receipts:					
Taxes	-	4,326	30,953	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	580	-	2,252	30,946
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	-	-	-	-
Total receipts	-	4,906	30,953	2,252	30,946
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	200,154	-	-	-	526
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	200,154	-	-	-	526
Excess (deficiency) of receipts over disbursements	(200,154)	4,906	30,953	2,252	30,420
Cash and investments - ending	\$ 38,046	\$ 92,817	\$ 68,462	\$ 34,454	\$ 52,773

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

	SPECIAL LOIT DISTRIBUTION	CJIG FUND	POLICE DOG DONATION	LYKENS SAVINGS ACCOUNT	WASTEWATER GRANT FUND
Cash and investments - beginning	\$ 24,436	\$ 261	\$ 1,513	\$ 4,196	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	450,000
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	-	936	4	-
Total receipts	-	-	936	4	450,000
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	1,006	-	-
Other services and charges	-	-	790	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	450,000
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	-	-	1,796	-	450,000
Excess (deficiency) of receipts over disbursements	-	-	(860)	4	-
Cash and investments - ending	\$ 24,436	\$ 261	\$ 653	\$ 4,200	\$ -

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

	GRAVES RETAINAGE	STORMWATER GRANT	ISI RETAINAGE	PAYROLL	WASTEWATER UTILITY OPERATING
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 68,482	\$ 71,490
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	1,000,000	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	258,498
Penalties	-	-	-	-	6,126
Other receipts	57,590	-	53,934	220,717	952
Total receipts	<u>57,590</u>	<u>1,000,000</u>	<u>53,934</u>	<u>220,717</u>	<u>265,576</u>
Disbursements:					
Personal services	-	-	-	-	45,398
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	6,072
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	1,000,000	-	-	31,922
Utility operating expenses	-	-	-	-	117,176
Other disbursements	57,590	-	53,934	215,603	-
Total disbursements	<u>57,590</u>	<u>1,000,000</u>	<u>53,934</u>	<u>215,603</u>	<u>200,568</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,114</u>	<u>65,008</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,596</u>	<u>\$ 136,498</u>

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

	STORMWATER OPERATING	WATER UTILITY OPERATING	WATER UTL METER DEPOSIT	GAS UTILITY OPERATING	GAS BOND & INTEREST
Cash and investments - beginning	\$ 168,118	\$ 94,279	\$ 17,151	\$ 184,792	\$ 49,274
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	15,857	205,035	-	528,917	-
Penalties	373	2,139	-	8,554	-
Other receipts	-	101,425	2,100	369,092	75,780
Total receipts	<u>16,230</u>	<u>308,599</u>	<u>2,100</u>	<u>906,563</u>	<u>75,780</u>
Disbursements:					
Personal services	-	45,392	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	6,072	-	-	-
Debt service - principal and interest	8,137	3,182	-	77,746	75,161
Capital outlay	10,263	90,198	-	297,734	-
Utility operating expenses	125,270	140,059	-	353,920	-
Other disbursements	-	15,788	1,440	106,778	-
Total disbursements	<u>143,670</u>	<u>300,691</u>	<u>1,440</u>	<u>836,178</u>	<u>75,161</u>
Excess (deficiency) of receipts over disbursements	<u>(127,440)</u>	<u>7,908</u>	<u>660</u>	<u>70,385</u>	<u>619</u>
Cash and investments - ending	<u>\$ 40,678</u>	<u>\$ 102,187</u>	<u>\$ 17,811</u>	<u>\$ 255,177</u>	<u>\$ 49,893</u>

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

	GAS DEBT SERVICE RESERVE	GAS METER DEPOSIT	GAS O&M RESERVE	GAS USDA FUND	Totals
Cash and investments - beginning	\$ 76,000	\$ 37,654	\$ 35,617	\$ 47	\$ 1,822,948
Receipts:					
Taxes	-	-	-	-	284,600
Licenses and permits	-	-	-	-	1,875
Intergovernmental receipts	-	-	-	-	1,567,703
Charges for services	-	-	-	-	20
Fines and forfeits	-	-	-	-	515
Utility fees	-	-	-	-	1,008,307
Penalties	-	-	-	-	17,192
Other receipts	-	4,950	-	-	899,721
Total receipts	-	4,950	-	-	3,779,933
Disbursements:					
Personal services	-	-	-	-	199,458
Supplies	-	-	-	-	23,375
Other services and charges	-	-	-	-	81,052
Debt service - principal and interest	-	-	-	-	164,226
Capital outlay	-	-	-	-	2,094,203
Utility operating expenses	-	-	-	-	736,425
Other disbursements	-	3,400	-	-	454,533
Total disbursements	-	3,400	-	-	3,753,272
Excess (deficiency) of receipts over disbursements	-	1,550	-	-	26,661
Cash and investments - ending	\$ 76,000	\$ 39,204	\$ 35,617	\$ 47	\$ 1,849,609

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

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	\$ -	\$ 27,175
Water	-	15,494
Gas	-	5,385
Governmental activities	<u>-</u>	<u>228</u>
Totals	<u>\$ -</u>	<u>\$ 48,282</u>

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

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Wastewater:			
Notes and loans payable	Stormwater Improvements	\$ 115,669	\$ 8,137
Water:			
Notes and loans payable	Water Meters & Extensions	97,510	6,362
Gas:			
Notes and loans payable	HHSB Gas Expansion	225,553	77,746
Notes and loans payable	Replace Gas System	1,039,000	50,796
Notes and loans payable	Replace Gas System	495,000	24,571
Total Gas		1,759,553	153,113
Totals		\$ 1,972,732	\$ 167,612

TOWN OF ROACHDALE
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	\$ 14,521
Infrastructure	1,887,651
Buildings	302,954
Improvements other than buildings	345,129
Machinery, equipment, and vehicles	<u>81,164</u>
Total governmental activities	<u>2,631,419</u>
Wastewater:	
Land	33,823
Infrastructure	1,251,999
Buildings	133,361
Improvements other than buildings	773,030
Machinery, equipment, and vehicles	<u>72,455</u>
Total Wastewater	<u>2,264,668</u>
Water:	
Land	12,500
Infrastructure	301,309
Buildings	4,943
Improvements other than buildings	464,564
Machinery, equipment, and vehicles	<u>62,455</u>
Total Water	<u>845,771</u>
Gas:	
Infrastructure	1,785,715
Improvements other than buildings	51,092
Machinery, equipment, and vehicles	<u>62,455</u>
Total Gas	<u>1,899,262</u>
Total capital assets	<u>\$ 7,641,120</u>

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 ROACHDALE, PUTNAM COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Town of Roachdale'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

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

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

November 7, 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 ROACHDALE
 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 Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228			
Stormwater Grant			B-08-DI-18-0001	\$ -	\$ 1,000,000
Wastewater Expansion			WW-14-116	-	450,000
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	1,450,000
Total - Department of Housing and Urban Development				-	1,450,000
Total federal awards expended				\$ -	\$ 1,450,000

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 (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 ROACHDALE
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 weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - Reporting

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Numbers and Years (or Other Identifying Numbers): B-08-DI-18-0001 , WW-14-116

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Compliance Requirement: Reporting

Audit Finding: Material Weakness

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

Condition

An effective internal control system was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

Context

No control existed over the submission of Semi-Annual Reports submitted to the Indiana Office of Community and Rural Affairs by the grant administrator during the audit period. The lack of controls was systemic throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the Town at risk of noncompliance with the grant agreement and the compliance requirement and could have enabled material non-compliance to go undetected.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management establish controls related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.

Town of Roachdale

P.O. Box 198, 205 N Indiana Street, 46172
Clerk Treasurer
Debbie Sillery

(765) 522-1532 Office (765) 522-2297 Fax
Town Council Members
Zach Bowers, Holly Cook, Kevin Cook

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Debbie Sillery, Clerk-Treasurer
Contact Phone Number: (765)522-1532

We confer with the finding.

Description of Corrective Action Plan:

All documents associated with the Semi Annual Reports are always reviewed by the Town Council President and Clerk-Treasurer before the reports are submitted. We were unaware that signatures or initials were required to be on the documents verifying that the reports were reviewed prior to submittal. I have discussed the finding with our Grant Administrator and our Council President and all future documents will be noted that they have been reviewed before submitted.

Anticipated Completion Date: Immediately corrected upon notification of finding.

Debbie Sillery
(Signature)

Clerk - Treasurer
(Title)

10/30/2018
(Date)

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/>.