

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF WINGATE

MONTGOMERY COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED
02/01/2019

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|-----------------------|----------------------|
| Clerk-Treasurer | Debora Switzer | 01-01-12 to 12-31-15 |
| | Michelle Dice | 01-01-16 to 03-15-17 |
| | (Vacant) | 03-16-17 to 03-19-17 |
| | Kathy Pipher (acting) | 03-20-17 to 12-31-18 |
| President of the Town Council | Shane M. Walkup | 01-01-13 to 12-31-15 |
| | Joe Carter | 01-01-16 to 12-31-16 |
| | Kathy Pipher | 01-01-17 to 12-31-18 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE TOWN OF WINGATE, MONTGOMERY COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Town of Wingate (Town), for the period of January 1, 2013 to December 31, 2017. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Town uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.


INDEPENDENT ACCOUNTANT'S REVIEW REPORT
(Continued)

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.


Paul D. Joyce, CPA
State Examiner

December 17, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

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TOWN OF WINGATE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

| Fund | Cash and Investments 01-01-13 | Receipts | Disbursements | Cash and Investments 12-31-13 | Receipts | Disbursements | Cash and Investments 12-31-14 |
|-------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| General | \$ 43,500 | \$ 83,638 | \$ 44,105 | \$ 83,033 | \$ 84,121 | \$ 52,860 | \$ 114,294 |
| Motor Vehicle Highway | (2,057) | 10,568 | 5,177 | 3,334 | 12,346 | 5,899 | 9,781 |
| Local Road And Street | 234 | 1,250 | - | 1,484 | 1,258 | - | 2,742 |
| Gambling | 1,558 | 1,558 | - | 3,116 | 1,558 | - | 4,674 |
| CUM CAP IMP-CIG TAX | 698 | 706 | - | 1,404 | 696 | - | 2,100 |
| PAYROLL | 138 | 61,043 | 61,869 | (688) | 61,224 | 60,758 | (222) |
| SANITATION ESCROW | 626 | 578 | 626 | 578 | 288 | 866 | - |
| Trash Utility-Other #1 | 1,418 | 12,721 | 11,790 | 2,349 | 14,295 | 12,716 | 3,928 |
| Sewage | 37,110 | 67,172 | 55,587 | 48,695 | 65,848 | 56,306 | 58,237 |
| Water Utility-Operating | 2,691 | 35,709 | 42,534 | (4,134) | 41,897 | 40,970 | (3,207) |
| Meter Deposit | 1,592 | 825 | 492 | 1,925 | 375 | 675 | 1,625 |
| Totals | <u>\$ 87,508</u> | <u>\$ 275,768</u> | <u>\$ 222,180</u> | <u>\$ 141,096</u> | <u>\$ 283,906</u> | <u>\$ 231,050</u> | <u>\$ 193,952</u> |

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

TOWN OF WINGATE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2015 and 2016

| Fund | Cash and Investments 01-01-15 | Receipts | Disbursements | Cash and Investments 12-31-15 | Receipts | Disbursements | Cash and Investments 12-31-16 |
|----------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| GENERAL FUND | \$ 114,294 | \$ 99,294 | \$ 95,747 | \$ 117,841 | \$ 119,225 | \$ 57,923 | \$ 179,143 |
| MOTOR VEHICLE HIGHWAY | 9,781 | 12,229 | 17,380 | 4,630 | 19,470 | 8,023 | 16,077 |
| LOCAL ROAD & STREET | 2,742 | 1,083 | 3,200 | 625 | 1,326 | - | 1,951 |
| SANITATION | 3,928 | 15,695 | 13,970 | 5,653 | 15,297 | 15,080 | 5,870 |
| LOCAL LAW ENF CONT ED | - | - | - | - | 200 | - | 200 |
| RIVERBOAT | 4,674 | 1,558 | - | 6,232 | 1,558 | - | 7,790 |
| LOIT SPECIAL DISTRIBUTION SEA 67 | - | - | - | - | 4,972 | - | 4,972 |
| CUM CAP IMP - CIG TAX | 2,100 | 661 | - | 2,761 | 670 | - | 3,431 |
| PARK DONATION FUND | - | - | - | - | 200 | - | 200 |
| PAYROLL | (222) | 30,841 | 29,532 | 1,087 | 24,432 | 23,104 | 2,415 |
| STORM SEWER | - | 3,972 | 3,753 | 219 | 6,804 | 3,125 | 3,898 |
| SEWAGE UTILITY OPERATING | 58,237 | 71,660 | 96,425 | 33,472 | 59,412 | 53,484 | 39,400 |
| WATER UTILITY OPERATING | (3,207) | 48,217 | 44,356 | 654 | 44,050 | 71,495 | (26,791) |
| WATER UTL METER DEPOSIT | 1,625 | 717 | 675 | 1,667 | 905 | 125 | 2,447 |
| Totals | <u>\$ 193,952</u> | <u>\$ 285,927</u> | <u>\$ 305,038</u> | <u>\$ 174,841</u> | <u>\$ 298,521</u> | <u>\$ 232,359</u> | <u>\$ 241,003</u> |

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

TOWN OF WINGATE
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 | \$ 179,143 | \$ 84,685 | \$ 105,876 | \$ 157,952 |
| MOTOR VEHICLE HIGHWAY | 16,077 | 24,845 | 8,705 | 32,217 |
| LOCAL ROAD & STREET | 1,951 | 1,688 | - | 3,639 |
| SANITATION | 5,870 | 16,226 | 13,236 | 8,860 |
| LOCAL LAW ENF CONT ED | 200 | 50 | - | 250 |
| RIVERBOAT | 7,790 | 1,558 | 9,347 | 1 |
| RAINY DAY | - | 55,320 | - | 55,320 |
| LOIT SPECIAL DISTRIBUTION SEA 67 | 4,972 | - | - | 4,972 |
| CUM CAP IMP - CIG TAX | 3,431 | 887 | - | 4,318 |
| PARK DONATION FUND | 200 | - | - | 200 |
| PAYROLL | 2,415 | 14,336 | 15,194 | 1,557 |
| STORM SEWER | 3,898 | 9,388 | 1,450 | 11,836 |
| SEWAGE UTILITY OPERATING | 39,400 | 65,783 | 110,132 | (4,949) |
| WATER UTILITY OPERATING | (26,791) | 48,956 | 79,186 | (57,021) |
| WATER UTL METER DEPOSIT | 2,447 | 975 | 724 | 2,698 |
| Totals | <u>\$ 241,003</u> | <u>\$ 324,697</u> | <u>\$ 343,850</u> | <u>\$ 221,850</u> |

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

TOWN OF WINGATE
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), 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 statements present the financial information for the Town.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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 statements. 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 WINGATE
NOTES TO FINANCIAL STATEMENTS
(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.

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 statements. 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.

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.

TOWN OF WINGATE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF WINGATE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

Note 6. Cash Balance Deficits

The financial statements contain some funds with deficits in cash. This is a result of expenditures exceeding the revenue.

TOWN OF WINGATE
REVIEW RESULTS AND COMMENTS

DETAILED LEDGERS

The detail of receipts and disbursements did not agree with the Town's fund report. The Town's financial information entered into the Annual Financial Report in the Indiana Gateway for Government Units financial reporting system, which was the source for the Town's financial statements, agrees with the fund report. The following shows the differences from the fund report to the detail ledgers for the receipts and disbursements by year and fund:

RECEIPTS

| Years | Fund | Fund Report | Detail Receipts | Difference |
|-------|-----------------------|-------------|--------------------|------------|
| 2013 | Payroll | \$ 61,043 | \$ 42,371 | \$ 18,672 |
| 2013 | Sanitation Escrow | 578 | - | 578 |
| 2014 | Payroll | 61,224 | 42,578 | 18,646 |
| 2014 | Sanitation Escrow | 288 | - | 288 |
| 2015 | General | 99,294 | 99,244 | 50 |
| 2015 | Payroll | 30,841 | 23,409 | 7,432 |
| 2015 | Motor Vehicle Highway | 12,229 | 10,922 | 1,307 |
| 2016 | Motor Vehicle Highway | 19,470 | 13,950 | 5,520 |

DISBURSEMENTS

| Years | Fund | Fund Report | Detail Disbursements | Difference |
|-------|-------------------|-------------|-------------------------|------------|
| 2013 | General | \$ 44,105 | \$ 33,001 | \$ 11,104 |
| 2013 | Payroll | 61,869 | 60,969 | 900 |
| 2013 | Sanitation Escrow | 626 | - | 626 |
| 2014 | General | 52,860 | 41,527 | 11,333 |
| 2014 | Payroll | 60,758 | 60,237 | 521 |
| 2014 | Sanitation Escrow | 866 | - | 866 |
| 2015 | General | 95,747 | 60,597 | 35,150 |
| 2015 | Payroll | 29,532 | 29,376 | 156 |
| 2016 | General | 57,923 | 57,584 | 339 |

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

OVERDRAWN CASH BALANCES

The same comment appeared in prior Report B42925.

The financial statements presented for review included the following funds with overdrawn cash balances:

TOWN OF WINGATE
 REVIEW RESULTS AND COMMENTS
 (Continued)

| Years | Fund | Amount |
|-------|--------------------------|----------|
| 2013 | Payroll | \$ (688) |
| 2013 | Water Utility Operating | (4,134) |
| 2014 | Payroll | (222) |
| 2014 | Water Utility Operating | (3,207) |
| 2016 | Water Utility Operating | (26,791) |
| 2017 | Water Utility Operating | (57,021) |
| 2017 | Sewage Utility Operating | (4,949) |

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

BOARD MINUTES

The Town Council Board minutes were not presented for audit for July, September, October, and November 2013, January and August of 2014, and January and March of 2016.

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 of 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

TRAINING ON INTERNAL CONTROL STANDARDS

The Town was unable to provide documentation that the internal controls training was provided to personnel.

Indiana 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN OF WINGATE
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2018, with Kathy Pipher, acting Clerk-Treasurer/President of the Town Council; Steven Stine, Town Council member; Janet P. Alexander, consultant; and Suzy Bass, consultant.