

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF FOWLER

BENTON COUNTY, INDIANA

January 1, 2012 to December 31, 2013



**FILED**  
11/07/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kathleen Schwartz Melissa Williams	01-01-12 to 12-31-12 01-01-13 to 12-31-15
President of the Town Council	Linda Brouillette	01-01-12 to 12-31-14



INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF FOWLER, BENTON COUNTY, INDIANA

We have examined the accompanying financial statement of the Town of Fowler (Town), for the period of January 1, 2012 to December 31, 2013. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial 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 comprehensive 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 these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2012 to December 31, 2013.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2012 to December 31, 2013, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Receivables, Schedule of 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Town's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

August 5, 2014

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## FINANCIAL STATEMENT

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

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TOWN OF FOWLER  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2012 and 2013

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12	Receipts	Disbursements	Cash and Investments 12-31-13
General Fund	\$ 349,402	\$ 1,178,029	\$ 836,818	\$ 690,613	\$ 947,739	\$ 944,450	\$ 693,902
Motor Vehicle Highway Fund	410,085	166,330	411,249	165,166	455,895	420,075	200,986
Local Road and Street	46,996	7,604	-	54,600	7,454	-	62,054
Edit Economic Development Fund	202,317	78,918	23,862	257,373	72,433	17,158	312,648
Law Continuing Education Fund	21,145	751	-	21,896	1,190	-	23,086
Riverboat Gaming Fund	47,233	13,726	-	60,959	-	15,801	45,158
Park Fund	78,046	86,350	114,442	49,954	98,278	100,528	47,704
Rainy Day Fund	105,521	-	-	105,521	121,036	-	226,557
Cumulative Capital Development Fund	70,645	14,119	-	84,764	15,796	10,000	90,560
Industrial Development Fund	9,489	-	-	9,489	-	-	9,489
Cumulative Capital Improvement Fund	34,631	6,145	-	40,776	6,220	-	46,996
Fowler 4th of July	930	7,095	5,438	2,587	-	-	2,587
Utility Payment Wash	-	37,531	35,348	2,183	541,352	542,969	566
Credit Card Fund	999	5,777	6,776	-	-	-	-
Donation Fund	6,551	8,130	7,056	7,625	16,126	7,098	16,653
Pool Restoration Fund	1,351	1,140	-	2,491	-	-	2,491
Recycled Furniture	733	-	-	733	-	-	733
Playground Grant	3,030	-	-	3,030	-	-	3,030
Concession Fund	3,122	14,168	9,445	7,845	11,530	14,283	5,092
Focus Fund	12,902	-	-	12,902	-	-	12,902
Skateboard Donation Fund	944	-	-	944	-	-	944
Payroll Fund	2,248	857,031	855,923	3,356	795,082	783,508	14,930
Sewer CDBG Grant Disaster Recovery	23,308	144,358	167,666	-	-	-	-
Sewer Grant Fund	-	5,331	5,331	-	-	-	-
Sewer Operating Fund	15,176	576,738	546,974	44,940	570,262	594,508	20,694
Sewer Bond and Interest	-	257,000	257,000	-	300,000	253,000	47,000
Sewer Repair and Replacement Fund	52,076	1,518	53,594	-	-	-	-
Sewer Debt Reserve Fund	193,545	-	-	193,545	-	-	193,545
Water Cash	50	-	-	50	-	-	50
Water Repair and Replacement	-	23,721	-	23,721	-	-	23,721
Water Operating Fund	143,344	384,566	352,819	175,091	407,885	392,684	190,292
Water Sinking Fund/Bond and Interest	-	134,382	134,382	-	138,624	138,624	-
Water Meter Deposit	45,410	13,650	12,180	46,880	11,100	9,701	48,279
Water Debt Reserve Investment	138,955	-	-	138,955	-	-	138,955
<b>Totals</b>	<b>\$ 2,020,184</b>	<b>\$ 4,024,108</b>	<b>\$ 3,836,303</b>	<b>\$ 2,207,989</b>	<b>\$ 4,518,002</b>	<b>\$ 4,244,387</b>	<b>\$ 2,481,604</b>

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

TOWN OF FOWLER  
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, storm water, trash, 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 which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF FOWLER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, recycling fees, dog pound 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 which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; 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 include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

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

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

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF FOWLER  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF FOWLER  
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, 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***

The Town contributes to a pension plan unique to the Town. Information regarding this plan may be obtained from the Town.

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## SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the Town's Annual Reports for years prior to 2011 can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's Annual Report information for years 2011 and later can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

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

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

	General Fund	Motor Vehicle Highway Fund	Local Road and Street	Edit Economic Development Fund	Law Continuing Education Fund
Cash and investments - beginning	\$ 349,402	\$ 410,085	\$ 46,996	\$ 202,317	\$ 21,145
Receipts:					
Taxes	714,368	91,157	-	-	-
Licenses and permits	4,850	-	-	-	690
Intergovernmental	327,744	71,369	7,604	78,918	-
Charges for services	120,438	-	-	-	61
Fines and forfeits	1,031	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	9,598	3,804	-	-	-
Total receipts	<u>1,178,029</u>	<u>166,330</u>	<u>7,604</u>	<u>78,918</u>	<u>751</u>
Disbursements:					
Personal services	214,211	108,719	-	-	-
Supplies	53,889	33,999	-	-	-
Other services and charges	342,654	124,584	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	53,181	61,502	-	23,862	-
Utility operating expenses	-	-	-	-	-
Other disbursements	172,883	82,445	-	-	-
Total disbursements	<u>836,818</u>	<u>411,249</u>	<u>-</u>	<u>23,862</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>341,211</u>	<u>(244,919)</u>	<u>7,604</u>	<u>55,056</u>	<u>751</u>
Cash and investments - ending	<u>\$ 690,613</u>	<u>\$ 165,166</u>	<u>\$ 54,600</u>	<u>\$ 257,373</u>	<u>\$ 21,896</u>



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

	Riverboat Gaming Fund	Park Fund	Rainy Day Fund	Cumulative Capital Development Fund	Industrial Development Fund
Cash and investments - beginning	\$ 47,233	\$ 78,046	\$ 105,521	\$ 70,645	\$ 9,489
Receipts:					
Taxes	-	41,916	-	12,575	-
Licenses and permits	-	-	-	-	-
Intergovernmental	13,726	6,983	-	1,544	-
Charges for services	-	37,051	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	400	-	-	-
Total receipts	<u>13,726</u>	<u>86,350</u>	<u>-</u>	<u>14,119</u>	<u>-</u>
Disbursements:					
Personal services	-	31,888	-	-	-
Supplies	-	17,533	-	-	-
Other services and charges	-	27,768	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	8,159	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	29,094	-	-	-
Total disbursements	<u>-</u>	<u>114,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>13,726</u>	<u>(28,092)</u>	<u>-</u>	<u>14,119</u>	<u>-</u>
Cash and investments - ending	<u>\$ 60,959</u>	<u>\$ 49,954</u>	<u>\$ 105,521</u>	<u>\$ 84,764</u>	<u>\$ 9,489</u>

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

	Cumulative Capital Improvement Fund	Fowler 4th of July	Utility Payment Wash	Credit Card Fund	Donation Fund
Cash and investments - beginning	\$ 34,631	\$ 930	\$ -	\$ 999	\$ 6,551
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	6,145	-	-	-	-
Charges for services	-	2,538	-	167	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	-	4,557	37,531	5,610	8,130
Total receipts	<u>6,145</u>	<u>7,095</u>	<u>37,531</u>	<u>5,777</u>	<u>8,130</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	1,471	-	-	659
Other services and charges	-	3,667	-	2,517	6,397
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	300	35,348	4,259	-
Total disbursements	<u>-</u>	<u>5,438</u>	<u>35,348</u>	<u>6,776</u>	<u>7,056</u>
Excess (deficiency) of receipts over disbursements	<u>6,145</u>	<u>1,657</u>	<u>2,183</u>	<u>(999)</u>	<u>1,074</u>
Cash and investments - ending	<u>\$ 40,776</u>	<u>\$ 2,587</u>	<u>\$ 2,183</u>	<u>\$ -</u>	<u>\$ 7,625</u>

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

	Pool Restoration Fund	Recycled Furniture	Playground Grant	Concession Fund	Focus Fund
Cash and investments - beginning	\$ 1,351	\$ 733	\$ 3,030	\$ 3,122	\$ 12,902
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	14,118	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	1,140	-	-	50	-
Total receipts	<u>1,140</u>	<u>-</u>	<u>-</u>	<u>14,168</u>	<u>-</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	9,445	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,445</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,140</u>	<u>-</u>	<u>-</u>	<u>4,723</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,491</u>	<u>\$ 733</u>	<u>\$ 3,030</u>	<u>\$ 7,845</u>	<u>\$ 12,902</u>

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

	Skateboard Donation Fund	Payroll Fund	Sewer CDBG Grant Disaster Recovery	Sewer Grant Fund	Sewer Operating Fund
Cash and investments - beginning	\$ 944	\$ 2,248	\$ 23,308	\$ -	\$ 15,176
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	144,358	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	513,870
Other receipts	-	857,031	-	5,331	62,868
Total receipts	<u>-</u>	<u>857,031</u>	<u>144,358</u>	<u>5,331</u>	<u>576,738</u>
Disbursements:					
Personal services	-	-	-	-	60,021
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	12,889
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	167,666	-	-
Utility operating expenses	-	-	-	2,256	140,898
Other disbursements	-	855,923	-	3,075	333,166
Total disbursements	<u>-</u>	<u>855,923</u>	<u>167,666</u>	<u>5,331</u>	<u>546,974</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,108</u>	<u>(23,308)</u>	<u>-</u>	<u>29,764</u>
Cash and investments - ending	<u>\$ 944</u>	<u>\$ 3,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,940</u>

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

	Sewer Bond and Interest	Sewer Repair and Replacement Fund	Sewer Debt Reserve Fund	Water Cash	Water Repair and Replacement
Cash and investments - beginning	\$ -	\$ 52,076	\$ 193,545	\$ 50	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Other receipts	257,000	1,518	-	-	23,721
Total receipts	<u>257,000</u>	<u>1,518</u>	<u>-</u>	<u>-</u>	<u>23,721</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	256,650	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	350	-	-	-	-
Other disbursements	-	53,594	-	-	-
Total disbursements	<u>257,000</u>	<u>53,594</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(52,076)</u>	<u>-</u>	<u>-</u>	<u>23,721</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,545</u>	<u>\$ 50</u>	<u>\$ 23,721</u>

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

	Water Operating Fund	Water Sinking Fund/Bond and Interest	Water Meter Deposit	Water Debt Reserve Investment	Totals
Cash and investments - beginning	\$ 143,344	\$ -	\$ 45,410	\$ 138,955	\$ 2,020,184
Receipts:					
Taxes	-	-	-	-	860,016
Licenses and permits	-	-	-	-	5,540
Intergovernmental	-	-	-	-	658,391
Charges for services	-	-	-	-	174,373
Fines and forfeits	-	-	-	-	1,031
Utility fees	382,429	-	-	-	896,299
Other receipts	2,137	134,382	13,650	-	1,428,458
Total receipts	<u>384,566</u>	<u>134,382</u>	<u>13,650</u>	<u>-</u>	<u>4,024,108</u>
Disbursements:					
Personal services	31,985	-	-	-	446,824
Supplies	-	-	-	-	116,996
Other services and charges	4,146	-	-	-	524,622
Debt service - principal and interest	-	134,032	-	-	390,682
Capital outlay	5,953	-	-	-	320,323
Utility operating expenses	96,102	350	-	-	239,956
Other disbursements	214,633	-	12,180	-	1,796,900
Total disbursements	<u>352,819</u>	<u>134,382</u>	<u>12,180</u>	<u>-</u>	<u>3,836,303</u>
Excess (deficiency) of receipts over disbursements	<u>31,747</u>	<u>-</u>	<u>1,470</u>	<u>-</u>	<u>187,805</u>
Cash and investments - ending	<u>\$ 175,091</u>	<u>\$ -</u>	<u>\$ 46,880</u>	<u>\$ 138,955</u>	<u>\$ 2,207,989</u>

TOWN OF FOWLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General Fund	Motor Vehicle Highway Fund	Local Road and Street	Edit Economic Development Fund	Law Continuing Education Fund
Cash and investments - beginning	\$ 690,613	\$ 165,166	\$ 54,600	\$ 257,373	\$ 21,896
Receipts:					
Taxes	519,279	325,941	-	-	-
Licenses and permits	2,718	-	-	-	1,125
Intergovernmental	285,631	103,264	7,454	72,433	-
Charges for services	112,143	-	-	-	60
Fines and forfeits	1,315	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	26,653	26,690	-	-	5
Total receipts	<u>947,739</u>	<u>455,895</u>	<u>7,454</u>	<u>72,433</u>	<u>1,190</u>
Disbursements:					
Personal services	414,982	204,981	-	-	-
Supplies	67,472	23,223	-	-	-
Other services and charges	331,046	20,151	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	6,564	171,720	-	17,158	-
Utility operating expenses	-	-	-	-	-
Other disbursements	124,386	-	-	-	-
Total disbursements	<u>944,450</u>	<u>420,075</u>	<u>-</u>	<u>17,158</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,289</u>	<u>35,820</u>	<u>7,454</u>	<u>55,275</u>	<u>1,190</u>
Cash and investments - ending	<u>\$ 693,902</u>	<u>\$ 200,986</u>	<u>\$ 62,054</u>	<u>\$ 312,648</u>	<u>\$ 23,086</u>

TOWN OF FOWLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Riverboat Gaming Fund	Park Fund	Rainy Day Fund	Cumulative Capital Development Fund	Industrial Development Fund
Cash and investments - beginning	\$ 60,959	\$ 49,954	\$ 105,521	\$ 84,764	\$ 9,489
Receipts:					
Taxes	-	56,164	-	14,165	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	11,090	-	1,631	-
Charges for services	-	23,774	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	7,250	121,036	-	-
Total receipts	-	98,278	121,036	15,796	-
Disbursements:					
Personal services	-	69,163	-	-	-
Supplies	-	9,575	-	-	-
Other services and charges	-	11,423	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	15,801	8,680	-	10,000	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	1,687	-	-	-
Total disbursements	15,801	100,528	-	10,000	-
Excess (deficiency) of receipts over disbursements	(15,801)	(2,250)	121,036	5,796	-
Cash and investments - ending	\$ 45,158	\$ 47,704	\$ 226,557	\$ 90,560	\$ 9,489



TOWN OF FOWLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Cumulative Capital Improvement Fund	Fowler 4th of July	Utility Payment Wash	Credit Card Fund	Donation Fund
Cash and investments - beginning	\$ 40,776	\$ 2,587	\$ 2,183	\$ -	\$ 7,625
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	6,220	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	-	541,352	-	16,126
Total receipts	<u>6,220</u>	<u>-</u>	<u>541,352</u>	<u>-</u>	<u>16,126</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	1,060
Other services and charges	-	-	-	-	6,038
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	542,969	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>542,969</u>	<u>-</u>	<u>7,098</u>
Excess (deficiency) of receipts over disbursements	<u>6,220</u>	<u>-</u>	<u>(1,617)</u>	<u>-</u>	<u>9,028</u>
Cash and investments - ending	<u>\$ 46,996</u>	<u>\$ 2,587</u>	<u>\$ 566</u>	<u>\$ -</u>	<u>\$ 16,653</u>

TOWN OF FOWLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Pool Restoration Fund	Recycled Furniture	Playground Grant	Concession Fund	Focus Fund
Cash and investments - beginning	\$ 2,491	\$ 733	\$ 3,030	\$ 7,845	\$ 12,902
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	11,530	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	-	-	-	-
Total receipts	-	-	-	11,530	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	4,283	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	10,000	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	-	-	-	14,283	-
Excess (deficiency) of receipts over disbursements	-	-	-	(2,753)	-
Cash and investments - ending	\$ 2,491	\$ 733	\$ 3,030	\$ 5,092	\$ 12,902

TOWN OF FOWLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Skateboard Donation Fund	Payroll Fund	Sewer CDBG Grant Disaster Recovery	Sewer Grant Fund	Sewer Operating Fund
Cash and investments - beginning	\$ 944	\$ 3,356	\$ -	\$ -	\$ 44,940
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	563,410
Penalties	-	-	-	-	3,866
Other receipts	-	795,082	-	-	2,986
Total receipts	-	795,082	-	-	570,262
Disbursements:					
Personal services	-	-	-	-	134,076
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	2,260
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	8,408
Utility operating expenses	-	-	-	-	149,764
Other disbursements	-	783,508	-	-	300,000
Total disbursements	-	783,508	-	-	594,508
Excess (deficiency) of receipts over disbursements	-	11,574	-	-	(24,246)
Cash and investments - ending	\$ 944	\$ 14,930	\$ -	\$ -	\$ 20,694

TOWN OF FOWLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Sewer Bond and Interest	Sewer Repair and Replacement Fund	Sewer Debt Reserve Fund	Water Cash	Water Repair and Replacement
Cash and investments - beginning	\$ -	\$ -	\$ 193,545	\$ 50	\$ 23,721
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	300,000	-	-	-	-
Total receipts	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	253,000	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>253,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>47,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 47,000</u>	<u>\$ -</u>	<u>\$ 193,545</u>	<u>\$ 50</u>	<u>\$ 23,721</u>

TOWN OF FOWLER  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Water Operating Fund	Water Sinking Fund/Bond and Interest	Water Meter Deposit	Water Debt Reserve Investment	Totals
Cash and investments - beginning	\$ 175,091	\$ -	\$ 46,880	\$ 138,955	\$ 2,207,989
Receipts:					
Taxes	-	-	-	-	915,549
Licenses and permits	-	-	-	-	3,843
Intergovernmental	-	-	-	-	487,723
Charges for services	-	-	-	-	147,507
Fines and forfeits	-	-	-	-	1,315
Utility fees	405,297	-	-	-	968,707
Penalties	372	-	-	-	4,238
Other receipts	<u>2,216</u>	<u>138,624</u>	<u>11,100</u>	<u>-</u>	<u>1,989,120</u>
Total receipts	<u>407,885</u>	<u>138,624</u>	<u>11,100</u>	<u>-</u>	<u>4,518,002</u>
Disbursements:					
Personal services	79,720	-	-	-	902,922
Supplies	-	-	-	-	105,613
Other services and charges	1,108	-	-	-	372,026
Debt service - principal and interest	-	138,624	-	-	391,624
Capital outlay	6,232	-	-	-	254,563
Utility operating expenses	128,665	-	-	-	278,429
Other disbursements	<u>176,959</u>	<u>-</u>	<u>9,701</u>	<u>-</u>	<u>1,939,210</u>
Total disbursements	<u>392,684</u>	<u>138,624</u>	<u>9,701</u>	<u>-</u>	<u>4,244,387</u>
Excess (deficiency) of receipts over disbursements	<u>15,201</u>	<u>-</u>	<u>1,399</u>	<u>-</u>	<u>273,615</u>
Cash and investments - ending	<u>\$ 190,292</u>	<u>\$ -</u>	<u>\$ 48,279</u>	<u>\$ 138,955</u>	<u>\$ 2,481,604</u>

TOWN OF FOWLER  
SCHEDULE OF RECEIVABLES  
December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Receivable</u>
Wastewater	\$ 45,612
Water	20,215
Governmental activities	<u>7,316</u>
Totals	<u><u>\$ 73,143</u></u>

TOWN OF FOWLER  
SCHEDULE OF DEBT  
December 31, 2013

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Sewer:			
Revenue bonds	Refinancing of 1996 Bonds	\$ 790,000	\$ 253,425
Water:			
Revenue bonds	Water extension meter reading laptop new meters	746,980	98,144
Revenue bonds	Refinancing of 1988 Bonds	<u>130,000</u>	<u>37,865</u>
Total Water		<u>876,980</u>	<u>136,009</u>
Totals		<u>\$ 1,666,980</u>	<u>\$ 389,434</u>

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TOWN OF FOWLER  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2013

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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 242,282
Infrastructure	3,951,134
Buildings	2,223,431
Machinery, equipment, and vehicles	<u>1,774,392</u>
Total governmental activities	<u>8,191,239</u>
Sewer:	
Land	842,900
Infrastructure	9,419,666
Buildings	5,010,500
Machinery, equipment, and vehicles	<u>303,375</u>
Total Wastewater	<u>15,576,441</u>
Water:	
Land	32,800
Infrastructure	8,457,000
Buildings	1,074,787
Improvements other than buildings	19,339
Machinery, equipment, and vehicles	<u>367,841</u>
Total Water	<u>9,951,767</u>
Total capital assets	<u><u>\$ 33,719,447</u></u>

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TOWN OF FOWLER  
OTHER REPORT

The report presented herein was prepared in addition to the other official report prepared for the individual Town office listed below:

Special Investigation Report of Town of Fowler and Utilities

TOWN OF FOWLER  
EXAMINATION RESULTS AND COMMENTS

***DEPOSITORY RECONCILEMENTS***

The Town has four separate bank accounts that are associated to specific funds within the Town ledgers. The General bank account is for the funds associated with the Town, the Water Works bank account is for the funds associated with the Water Department, and the Sewage bank account is for the funds associated with the Sewer Department. The "Payroll Wash" bank account is to account for the funds associated with payroll activity and utility payments. This bank account is a holding account that includes deposits and corresponding checks that are disbursed as it relates to payroll activity and utility collections.

The payroll activity consists of a deposit by check from the General, Water Works, and Sewage bank accounts for payroll and related expenses to the Payroll Wash bank account and corresponding disbursements by checks to pay employees and payroll related expenses.

Utility collections are also deposited into the Payroll Wash bank account which includes sanitation, water, and sewer fees and a corresponding check to disburse the fees to the General, Water Works, and Sewage bank accounts. These disbursements were made weekly until June 2013. Beginning in June 2013, all utility fees were deposited directly into the General, Water Works, and Sewage accounts. All payments by credit card continued to be deposited into the Payroll Wash account and a corresponding check is disbursed to the various other bank accounts depending on the nature of payment.

The bank reconcilements are generated by the computer which includes a list of all activity related to a deposit or a check that occurred during the month and any outstanding deposits or checks from previous months. The list generated by the computer also includes any manual entries for adjustment. These "deposits and checks" are cleared or check marked by the Clerk-Treasurer by comparing it to the bank activity or the ledger. However the Clerk-Treasurer does not investigate any differences and, therefore, corrections or necessary adjustments are not made in a timely manner. Depository reconcilements of the fund balance to the bank account balances are conducted; however, the reconcilements had the following discrepancies:

1. The reconcilements for the various bank accounts were not performed timely.
2. The December 31, 2013 Payroll Wash bank account reconcilement had an outstanding deposit dated January 10, 2013, for \$43,090.06. This was due to a posting error that was not corrected. A daily receipt for January 9, 2013, was posted for \$4,390.06, and then for January 10, 2013, \$43,090.06 was posted. The \$43,090.06 has remained as a reconciling item as of May 2014.
3. Checks were issued on December 31, 2012, out of the General bank account for \$19,370.09, the Water Works bank account for \$2,114.75, and Sewage bank account for \$4,806.38 to be deposited into the Payroll Wash bank account to cover the payroll expenses. The checks cleared March 1, 2013. These checks were not included on the outstanding check list at December 31, 2012; however, deposits in transit were included in the reconcilement of the Payroll Wash account.
4. A check for \$7,211.28 was back dated to August 28, 2012, and the corresponding receipts were posted on December 28, 2012, but the actual bank activity occurred on February 22, 2013.
5. At December 31, 2012, the bank did not reconcile to the ledger balance. The Town was reconciling to bank activity in the software system instead of the funds balance.

TOWN OF FOWLER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

	Adjusted Bank Balances	Financial Report by Funds	Difference
December 31, 2012	\$ 2,209,325.45	\$ 2,207,984.61	\$ 1,340.84

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

The record balance at the end of every month shall be reconciled with the bank balance. [IC 5-13-6-1] Thus, any errors may be discovered and adjusted monthly. This procedure will localize any errors within the month and will prevent the necessity of a long and tedious search to trace errors covering transactions over a long period of time and will serve to expedite audits by the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 4)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**ANNUAL REPORT FOR 2012**

Financial records presented for audit were incomplete and not reflective of the activity of the General, Motor Vehicle Highway (MVH), Park, Water Operating, Sewer Operating, and Payroll Fund for 2012. The financial statement was based on the bank activity instead of amounts that were posted to ledgers to the various funds.

The main differences are a result of transferring the funds from the General, Water Works, and Sewage bank accounts to the Payroll Wash bank account and recording the receipt to the original fund it came out of instead of the Payroll Fund. As a result, the financial statement has differences from what was posted in the detailed ledgers as noted below:

Fund	Receipts Per Financial Statement	Receipts Per the Detailed Ledger	Differences
General Fund	\$ 1,178,029	\$ 1,317,924	\$ (138,895)
Motor Vehicle Highway Fund	166,330	242,776	(76,446)
Park Fund	86,350	111,135	(24,785)
Water Operating Fund	384,566	415,526	(30,960)
Sewer Operating Fund	576,738	635,675	(58,937)
Payroll Fund	865,451	748,075	117,376

TOWN OF FOWLER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The detail disbursement ledgers for the General, MVH, Park, Water Operating, Sewer Operating, and Payroll Fund have expenditures that are related to the compensation of Town employees. The main differences were related to the payroll activity and did not agree to the disbursements on the financial statement as noted below:

Fund	Disbursement Per Financial Statement	Disbursements Per the Detailed Ledger	Differences
General Fund	\$ 836,818	\$ 1,042,067	\$ (205,249)
Motor Vehicle Highway Fund	411,249	147,588	(33,146)
Park Fund	114,442	147,588	(33,146)
Water Operating Fund	352,819	392,891	(40,072)
Sewer Operating Fund	549,974	645,567	(95,593)
Payroll Fund	855,923	866,020	(10,097)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**CUSTOMER DEPOSIT REGISTER**

The detailed customer deposit register has not been reconciled to the customer deposit recorded under the Water Meter Deposit fund. In May 2014, the Clerk-Treasurer totaled all the customer deposits from the detailed customer register and compared it to the Water Meter Deposit fund balance. The detailed customer deposit register totaled \$66,495 and the fund balance was \$48,209.44 resulting in a difference of \$18,285.56.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**INTERNAL CONTROLS OVER CASH COLLECTIONS (PARK)**

The Park Department operates a public swimming pool during the summer months. Revenue generated from the operation of the swimming pool includes sale of season passes, sale of 10 and 20 hole punch cards representing the number of visits purchased, daily admissions where a prenumbered ticket is issued, and concessions. Season passes and the punch cards can be purchased at the Town Hall or directly from the park/pool. A cash register is used for sales at the concessions stand and for the daily pool admissions. The cash register tape is totaled and included with the various worksheets.

A currency worksheet is completed for both concessions and pool receipts indicating the ending day cash totals by currency amounts and deducted for start of the day (bank) to arrive at the total deposit.

TOWN OF FOWLER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

A bank bag is filled out and signed by the pool manager with the amount of deposit and contains the register tape, ticket stubs, and money along with a daily admission worksheet filled out and signed by the pool manager.

The daily admission worksheet is a summary of all collections and indicates the ticket number used for daily admissions and amounts to be collected, punch card purchases noted and amounts, total collections for concessions, and admissions with the bank bag number. All records are brought over to the Town Hall for the money to be counted and noted on the worksheet and posted to the Town records and deposited at the bank.

Internal controls over the receipting, recording, and accounting for the pool park collections were insufficient as noted by the following:

1. The park issues season pool passes, 10 and 20 punch cards that are not prenumbered, as a result, we cannot verify if all passes and punch cards sold were receipted and deposited into the Town records.
2. The park issues tickets for daily entrance to the pool. The actual ticket numbers and amounts did not always agree with what was noted on the daily admissions worksheet.
3. The register tape did not always agree to the currency worksheet or the daily admissions worksheet.
4. The bank deposit did not always agree to the daily admissions worksheet completed by the pool manager.
5. The Clerk-Treasurer's Office personnel did not verify the amounts of the deposit to the daily admission worksheet.
6. There appears to be no effort to explain any large discrepancies between the various worksheets, bank bag, and ticket numbers.
7. The concession inventory worksheet was not completely filled out indicating the number of items sold and the amount that should have been collected.
8. The Clerk-Treasurer's Office did not issue a receipt for the collections remitted by the park.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***FILING OF EMPLOYER'S QUARTERLY FEDERAL TAX RETURNS***

The Employer's Quarterly Federal Tax Return (Form 941) for the periods ending March 31, 2013, and June 30, 2013, were not filed until June 3, 2014. The Clerk-Treasurer was unaware that this form needed to be completed and filed with the Internal Revenue Service.

TOWN OF FOWLER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***NONCOMPLIANCE WITH RESOLUTIONS AND ORDINANCES***

The Town adopted Resolution 2006-3 for refunding utility deposits and Ordinance 2009-01 establishing the dollar amount of the Utility deposit to be collected.

The Clerk-Treasurer does not pay the full balance of her utility billing each month; thus, maintaining a balance due on the account. On September 9, 2013, she had her \$150 utility deposit applied to the delinquent balance of her utility account.

On May 21, 2013, the Clerk-Treasurer's daughter established new utility services with the Town. Records show that the Utility did not record or deposit a utility deposit for her until February 27, 2014.

Ordinance 2009-01 General Provisions states in part:

- "1.b. A customer in good standing shall be required to pay a deposit in the amount of Seventy-five Dollars (\$75.00), upon activation of an account.
- 1.c. A customer who is a high risk, shall be required to pay a deposit of One Hundred Fifty Dollars (\$150.00), upon activation, reinstatement, or classification of an account as high risk. . . .
- 3.b. Once a customer's high risk status is cured, the customer may request that their account be reviewed and either that the funds in excess of a standard deposit be refunded or applied to their current charges. "

Resolution 2006-3 states in part:

"Procedures for Meter Deposit Refunds

- 1. The \$75 deposit is refundable after one year of timely payment history. Refund can be as a check or applied to the current billing."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)



TOWN OF FOWLER  
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2014, with Kathleen Schwartz, prior Clerk-Treasurer, and Steve B. Rettig, Vice President of the Town Council.

The contents of this report were discussed on August 5, 2014, with Melissa Williams, Clerk-Treasurer; Linda Brouillette, President of the Town Council; Steven B. Rettig, Vice President of the Town Council, and Annette Parker, Deputy Clerk-Treasurer. The Official Response has been made a part of this report and may be found on pages 40 and 41.



# TOWN OF FOWLER

307 East Fifth Street

Fowler, Indiana  
47944

765-884-0570  
Fax 765-884-8211

[www.townoffowler.com](http://www.townoffowler.com)  
[clerk@townoffowler.com](mailto:clerk@townoffowler.com)

August 6, 2014

State Board of Accounts  
302 West Washington St, Room E 418  
Indianapolis IN 46204-2765

## OFFICIAL RESPONSE

### **DEPOSITORY RECONCILEMENTS**

2. The \$43,090.06 and the \$4,390.06 have both been investigated and cleared from the bank reconciliation. It was found that there was an error in the manual conversion from Computrain to Keystone. Resolution 2014-6 was passed on July 21, 2014 to clear up outstanding checks.

### **CUSTOMER DEPOSIT REGISTER**

To my knowledge the detailed customer deposit register has never been reconciled in previous years. I have made it a part of my end of the month duties to reconcile this register with the bank and computer records.

### **INTERNAL CONTROLS OVER CASH COLLECTIONS (PARK)**

1. As of the 2014 season the season passes and punch cards are ordered from an outside company and they are pre-numbered with the pool and the Town Hall keeping a spreadsheet of what numbers are sold and to whom. These tickets are being accounted for each day when the pool manager turns in the daily worksheets.
2. Monitoring is being done on the daily tickets. It was found that some of the employees were giving tickets to children under the age of 2 who don't have to pay to enter the pool. This has resolved missing daily tickets.

As of the 2014 season the pool manager and assistant manager are responsible for depositing the collections on a daily basis. Money is no longer brought to the Town Hall. The manager leaves only daily cash sheets at the Town Hall and a receipt is done for the deposit. 1 receipt is kept at the Town Hall and a copy is given to the pool manager. The daily cash sheet is compared to the register tape. The pool manager also leaves on a daily basis, the 2<sup>nd</sup> part of the daily tickets sold and the stub to all punch cards and season passes that are sold. These are compared to the spreadsheet that has the recorded numbers that they were given to sell.

The park board is currently working on more controls that they can put in place to safeguard controls over cash and other assets.



### **FILING OF EMPLOYER'S QUARTERLY FEDERAL TAX RETURN**

I was unaware until the 3<sup>rd</sup> quarter that I was required to file the reports. Every quarter was completed from the 3<sup>rd</sup> quarter of 2013 forward and was done in a timely manner. The 1<sup>st</sup> and 2<sup>nd</sup> quarter have been completed and sent to the IRS.

### **NON COMPLIANCE WITH RESOLUTIONS AND ORDINANCES**

I did have my deposit applied to my account when it was delinquent. I am at fault for not knowing what the ordinance was regarding deposits. I had previously applied deposits to accounts and assumed it was just a 1 year hold on the deposits. A new ordinance was passed in 2014 and I am well aware of what the ordinance states regarding deposits and the release of them.

I did not take the application for my daughter's account. It was told to me that Vina Lanie gave her until the following Friday to pay the deposit which we have done for others by making them sign an agreement. I was unaware that she was given time to pay without signing an agreement. I was also unaware that she had not paid her deposit until I suspected fraud and I was going through applications to make sure the deposits had been paid. As soon as I discovered hers had not been paid I informed her that it needed to be paid and it was paid that day. She informed me that she had forgotten about it. I also was informed of another deposit that was not paid. A letter was sent to this person and payment of the deposit has been made.