

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF STRAUGHN

HENRY COUNTY, INDIANA

January 1, 2009 to December 31, 2010



FILED
10/07/2011

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Debbie Smith

01-01-08 to 12-31-11

President of the
Town Council

Bobbi Plummer
Stacy Smith

01-01-09 to 04-14-09
04-15-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF STRAUGHN, HENRY COUNTY, INDIANA

We have examined the financial statements of the Town of Straughn (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. Our responsibility is to express an opinion 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 statements 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 statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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 basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, and Town Council, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 1, 2011

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FINANCIAL STATEMENTS

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.

TOWN OF STRAUGHN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 12,052	\$ 37,263	\$ 53,058	\$ (3,743)
Housing Grant Refund	4,810	6,482	14	11,278
Riverboat Wagering Tax Revenue Sharing	2,342	1,646	-	3,988
Cash Reserve	252	-	-	252
Motor Vehicle Highway	20,159	11,967	14,209	17,917
Local Road And Street	15,650	4,144	7,500	12,294
Rainy Day	-	7,293	-	7,293
Street And Tree	8,647	9	-	8,656
Cumulative Capital Development	4,718	1,026	4,500	1,244
Park Nonreverting	-	973	196	777
Storm Sewer Nonreverting	11,022	-	-	11,022
Cumulative Capital Improvement	3,623	807	-	4,430
Payroll	1,249	26,572	26,742	1,079
Electric Utility-Operating	1,767	140,720	127,149	15,338
Electric Utility-Customer Deposit	8,007	1,153	2,635	6,525
Trash Utility-Operating	8,603	10,616	15,144	4,075
Totals	<u>\$ 102,901</u>	<u>\$ 250,671</u>	<u>\$ 251,147</u>	<u>\$ 102,425</u>

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

TOWN OF STRAUGHN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ (3,743)	\$ 46,482	\$ 31,436	\$ 11,303
Housing Grant Refund	11,278	-	7,020	4,258
Riverboat Wagering Tax Revenue Sharing	3,988	1,646	-	5,634
Cash Reserve	252	-	-	252
Motor Vehicle Highway	17,917	6,890	5,089	19,718
Local Road And Street	12,294	4,590	800	16,084
Rainy Day	7,293	411	-	7,704
Levy Excess	-	52	-	52
Street And Tree	8,656	-	8,656	-
Cumulative Capital Development	1,244	1,204	-	2,448
Park Nonreverting	777	403	512	668
Storm Sewer Nonreverting	11,022	-	-	11,022
Cumulative Capital Improvement	4,430	770	-	5,200
Payroll	1,079	21,488	22,127	440
Electric Utility-Operating	15,338	134,340	145,274	4,404
Electric Utility-Customer Deposit	6,525	1,025	915	6,635
Trash Utility-Operating	4,075	11,248	10,219	5,104
Totals	<u>\$ 102,425</u>	<u>\$ 230,549</u>	<u>\$ 232,048</u>	<u>\$ 100,926</u>

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

TOWN OF STRAUGHN
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 (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, 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 STRAUGHN
NOTES TO FINANCIAL STATEMENTS
(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, 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 which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, 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 STRAUGHN
NOTES TO FINANCIAL STATEMENTS
(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, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

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

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 STRAUGHN
NOTES TO FINANCIAL STATEMENTS
(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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which is 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 prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF STRAUGHN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Housing Grant Refund	Tax Revenue Sharing	Cash Reserve	Motor Vehicle Highway	Road And Street
Cash and investments - beginning	\$ 12,052	\$ 4,810	\$ 2,342	\$ 252	\$ 20,159	\$ 15,650
Receipts:						
Taxes	17,314	-	-	-	-	-
Intergovernmental	7,547	-	1,646	-	6,967	1,368
Charges for services	5,000	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	7,402	6,482	-	-	5,000	2,776
Total receipts	<u>37,263</u>	<u>6,482</u>	<u>1,646</u>	<u>-</u>	<u>11,967</u>	<u>4,144</u>
Disbursements:						
Personal services	12,850	-	-	-	-	-
Supplies	11,925	-	-	-	-	-
Other services and charges	28,283	14	-	-	2,543	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	11,666	7,500
Total disbursements	<u>53,058</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>14,209</u>	<u>7,500</u>
Excess (deficiency) of receipts over disbursements	<u>(15,795)</u>	<u>6,468</u>	<u>1,646</u>	<u>-</u>	<u>(2,242)</u>	<u>(3,356)</u>
Cash and investments - ending	<u>\$ (3,743)</u>	<u>\$ 11,278</u>	<u>\$ 3,988</u>	<u>\$ 252</u>	<u>\$ 17,917</u>	<u>\$ 12,294</u>

TOWN OF STRAUGHN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Rainy Day	Street And Tree	Cumulative Capital Development	Park Nonreverting	Storm Sewer Nonreverting	Cumulative Capital Improvement
Cash and investments - beginning	\$ -	\$ 8,647	\$ 4,718	\$ -	\$ 11,022	\$ 3,623
Receipts:						
Taxes	-	-	1,026	-	-	-
Intergovernmental	827	-	-	-	-	807
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	6,466	9	-	973	-	-
Total receipts	<u>7,293</u>	<u>9</u>	<u>1,026</u>	<u>973</u>	<u>-</u>	<u>807</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	4,500	196	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>196</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>7,293</u>	<u>9</u>	<u>(3,474)</u>	<u>777</u>	<u>-</u>	<u>807</u>
Cash and investments - ending	<u>\$ 7,293</u>	<u>\$ 8,656</u>	<u>\$ 1,244</u>	<u>\$ 777</u>	<u>\$ 11,022</u>	<u>\$ 4,430</u>

TOWN OF STRAUGHN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

	Payroll	Electric Utility-Operating	Electric Utility-Customer Deposit	Trash Utility-Operating	Totals
Cash and investments - beginning	\$ 1,249	\$ 1,767	\$ 8,007	\$ 8,603	\$ 102,901
Receipts:					
Taxes	-	-	-	-	18,340
Intergovernmental	-	-	-	-	19,162
Charges for services	-	-	-	-	5,000
Utility fees	-	118,132	-	10,616	128,748
Penalties	-	313	-	-	313
Other receipts	26,572	22,275	1,153	-	79,108
Total receipts	<u>26,572</u>	<u>140,720</u>	<u>1,153</u>	<u>10,616</u>	<u>250,671</u>
Disbursements:					
Personal services	-	-	-	-	12,850
Supplies	-	-	-	-	11,925
Other services and charges	-	-	-	-	30,840
Utility operating expenses	-	125,405	2,635	15,144	143,184
Other disbursements	26,742	1,744	-	-	52,348
Total disbursements	<u>26,742</u>	<u>127,149</u>	<u>2,635</u>	<u>15,144</u>	<u>251,147</u>
Excess (deficiency) of receipts over disbursements	<u>(170)</u>	<u>13,571</u>	<u>(1,482)</u>	<u>(4,528)</u>	<u>(476)</u>
Cash and investments - ending	<u>\$ 1,079</u>	<u>\$ 15,338</u>	<u>\$ 6,525</u>	<u>\$ 4,075</u>	<u>\$ 102,425</u>

TOWN OF STRAUGHN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Housing Grant Refund	Tax Revenue Sharing	Cash Reserve	Motor Vehicle Highway	Road And Street
Cash and investments - beginning	\$ (3,743)	\$ 11,278	\$ 3,988	\$ 252	\$ 17,917	\$ 12,294
Receipts:						
Taxes	20,789	-	-	-	-	-
Intergovernmental	7,462	-	1,646	-	640	3,176
Charges for services	2,500	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	15,731	-	-	-	6,250	1,414
Total receipts	<u>46,482</u>	<u>-</u>	<u>1,646</u>	<u>-</u>	<u>6,890</u>	<u>4,590</u>
Disbursements:						
Personal services	11,382	417	-	-	-	-
Supplies	449	603	-	-	-	173
Other services and charges	18,066	1,000	-	-	5,089	627
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,539	5,000	-	-	-	-
Total disbursements	<u>31,436</u>	<u>7,020</u>	<u>-</u>	<u>-</u>	<u>5,089</u>	<u>800</u>
Excess (deficiency) of receipts over disbursements	<u>15,046</u>	<u>(7,020)</u>	<u>1,646</u>	<u>-</u>	<u>1,801</u>	<u>3,790</u>
Cash and investments - ending	<u>\$ 11,303</u>	<u>\$ 4,258</u>	<u>\$ 5,634</u>	<u>\$ 252</u>	<u>\$ 19,718</u>	<u>\$ 16,084</u>

TOWN OF STRAUGHN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Rainy Day	Levy Excess	Street And Tree	Cumulative Capital Development	Park Nonreverting	Storm Sewer Nonreverting
Cash and investments - beginning	\$ 7,293	\$ -	\$ 8,656	\$ 1,244	\$ 777	\$ 11,022
Receipts:						
Taxes	-	-	-	1,199	-	-
Intergovernmental	411	52	-	5	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	403	-
Total receipts	<u>411</u>	<u>52</u>	<u>-</u>	<u>1,204</u>	<u>403</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	512	-
Other services and charges	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	8,656	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>8,656</u>	<u>-</u>	<u>512</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>411</u>	<u>52</u>	<u>(8,656)</u>	<u>1,204</u>	<u>(109)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 7,704</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ 2,448</u>	<u>\$ 668</u>	<u>\$ 11,022</u>

TOWN OF STRAUGHN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Improvement	Payroll	Electric Utility-Operating	Electric Utility-Customer Deposit	Trash Utility-Operating	Totals
Cash and investments - beginning	\$ 4,430	\$ 1,079	\$ 15,338	\$ 6,525	\$ 4,075	\$ 102,425
Receipts:						
Taxes	-	-	-	-	-	21,988
Intergovernmental	770	-	-	-	-	14,162
Charges for services	-	-	-	-	-	2,500
Utility fees	-	-	112,668	-	11,248	123,916
Penalties	-	-	21,672	-	-	21,672
Other receipts	-	21,488	-	1,025	-	46,311
Total receipts	<u>770</u>	<u>21,488</u>	<u>134,340</u>	<u>1,025</u>	<u>11,248</u>	<u>230,549</u>
Disbursements:						
Personal services	-	-	-	-	-	11,799
Supplies	-	-	-	-	-	1,737
Other services and charges	-	-	-	-	-	24,782
Utility operating expenses	-	-	140,963	915	10,219	152,097
Other disbursements	-	22,127	4,311	-	-	41,633
Total disbursements	<u>-</u>	<u>22,127</u>	<u>145,274</u>	<u>915</u>	<u>10,219</u>	<u>232,048</u>
Excess (deficiency) of receipts over disbursements	<u>770</u>	<u>(639)</u>	<u>(10,934)</u>	<u>110</u>	<u>1,029</u>	<u>(1,499)</u>
Cash and investments - ending	<u>\$ 5,200</u>	<u>\$ 440</u>	<u>\$ 4,404</u>	<u>\$ 6,635</u>	<u>\$ 5,104</u>	<u>\$ 100,926</u>

TOWN OF STRAUGHN
REVIEW RESULTS AND COMMENTS

OVERDRAWN CASH BALANCE

The cash balance of the General Fund was overdrawn by \$3,743 in the year 2009.

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORTS

Annual reports for 2009 and 2010 were presented for examination, however, these reports contained several errors such as incorrect receipts, disbursements and balances.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

CAPITAL ASSET RECORDS

The Utility does not maintain detailed records of capital assets for its Utility Plant in Service accounts.

The Town does not maintain detailed records of capital assets for its governmental funds.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PENALTIES ON LATE PAYMENTS OF UTILITY CHARGES

The Town has a policy for calculating penalties to be charged when monthly utility bills are not timely paid by the Town's customers. Each month, after the "due date", the Clerk-Treasurer prepares a "Penalty Update" which calculates the penalties to be charged on each delinquent account; however, the penalties are not added to the delinquent customers' account balances.

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 STRAUGHN
EXIT CONFERENCE

The contents of this report were discussed on September 1, 2011, with Debbie Smith, Clerk-Treasurer, and Stacy Smith, President of the Town Council. The officials concurred with our findings.