

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

EXAMINATION REPORT
OF
TOWN OF STRAUGHN
HENRY COUNTY, INDIANA
January 1, 2005 to December 31, 2006



FILED
11/14/2007

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Rebecca Harris

01-01-04 to 12-31-07

President of the Town Council

Robert Harris

01-01-05 to 12-31-07



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Straughn (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 1, 2007

TOWN OF STRAUGHN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 10,729	\$ 51,007	\$ 35,721	\$ 26,015
Motor Vehicle Highway	11,591	8,029	11,741	7,879
Local Road and Street	12,207	4,610	732	16,085
Trash	5,627	8,680	7,466	6,841
Riverboat	1,658	1,659	-	3,317
Cash Reserve	251	-	-	251
Housing Grant Refund	-	12,449	12,449	-
Cumulative Capital Improvement	91	813	-	904
Cumulative Capital Development	-	685	-	685
Storm Sewer Drainage Easement	11,022	-	-	11,022
Street and Tree Escrow	8,491	42	9	8,524
Proprietary Funds:				
Electric Utility - Operating	43,527	123,251	117,603	49,175
Electric Utility - Customer Deposit	6,995	700	554	7,141
Fiduciary Fund:				
Payroll	1,461	22,000	22,413	1,048
Totals	<u>\$ 113,650</u>	<u>\$ 233,925</u>	<u>\$ 208,688</u>	<u>\$ 138,887</u>

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 26,015	\$ 39,790	\$ 46,384	\$ 19,421
Motor Vehicle Highway	7,879	9,659	5,167	12,371
Local Road and Street	16,085	4,442	4,400	16,127
Trash	6,841	8,317	7,805	7,353
Riverboat	3,317	1,655	-	4,972
Cash Reserve	251	-	-	251
Cumulative Capital Improvement	904	940	-	1,844
Cumulative Capital Development	685	473	-	1,158
Storm Sewer Drainage Easement	11,022	-	-	11,022
Street and Tree Escrow	8,524	44	6	8,562
Proprietary Funds:				
Electric Utility - Operating	49,175	124,179	147,636	25,718
Electric Utility - Customer Deposit	7,141	1,300	654	7,787
Fiduciary Fund:				
Payroll	1,048	22,367	22,375	1,040
Totals	<u>\$ 138,887</u>	<u>\$ 213,166</u>	<u>\$ 234,427</u>	<u>\$ 117,626</u>

The accompanying notes are an integral part of the schedules.

TOWN OF STRAUGHN
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, health and social services, culture and recreation, electric utility, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

TOWN OF STRAUGHN
EXAMINATION RESULTS AND COMMENTS

FUND SOURCES AND USES

Tax distributions in the amount of \$417.67 due to the Cumulative Capital Development Fund were incorrectly recorded in the General Fund in July 2006.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 51)

PAYROLL DEDUCTIONS

Payroll deductions for federal income tax withheld from employees' wages were not reported on the quarterly 941 forms filed with the Internal Revenue Service for the examination period.

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)

CAPITAL ASSET RECORDS

The Utility does not maintain sufficient detailed records of capital assets for its Utility Plant in Service accounts. Upon purchase, the costs of the capital assets are added to an aggregate Utility Plant in Service account, and to subsidiary accounts for land, buildings, etc., in the General Ledger. However, records providing historical costs for some of the Utility's capital assets are not available, and records classifying and summarizing the Utility's capital assets are incomplete. Additions and deletions or disposals of capital assets are not recorded.

The Town does not record capital assets. When the Town purchases or disposes of a capital asset, the cost of the asset should be recorded or removed in the capital asset records.

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. 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)

INVESTMENTS IN CERTIFICATES OF DEPOSIT

No record of quotes taken for investment in certificates of deposit was available for examination.

Indiana Code 5-13-9-4(b) states: "The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. A deposit made under this subsection shall be placed in the designated depository quoting the highest rate of interest. If more than one (1) depository submits a quote of the highest interest rate quoted for the investment, the deposit may be placed in any or all of the designated depositories quoting the highest rate in the amount or amounts determined by the investing officer, in the investing officer's discretion."

TOWN OF STRAUGHN
EXIT CONFERENCE

The contents of this report were discussed on October 1, 2007, with Rebecca Harris, Clerk-Treasurer. The official concurred with our findings.