

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

EXAMINATION REPORT  
OF  
TOWN OF KNIGHTSTOWN  
HENRY COUNTY, INDIANA  
January 1, 2009 to December 31, 2010



**FILED**  
09/13/2011



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judith Haines	10-01-08 to 12-31-11
President of the Town Council	Valerie Trump	01-01-09 to 12-31-09
	Terry Guerin	01-01-10 to 12-31-10
	Clyde South	01-01-11 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information of the Town of Knightstown (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial information. 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 information 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 information 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 information referred to above presents 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, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial information. They have not been subjected to the examination procedures applied to the financial information and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, 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

August 16, 2011

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FINANCIAL INFORMATION

TOWN OF KNIGHTSTOWN  
SCHEDULE 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 Fund	\$ 150,558	\$ 803,839	\$ 776,269	\$ 178,128
Motor Vehicle Highway	8,439	57,700	41,779	24,360
Local Road And Street	21,213	30,767	14,661	37,319
Law Enforcement Continuing Education	15,813	23,157	1,110	37,860
Riverboat	1,713	27,235	12,412	16,536
Parks And Recreation	20,974	27,975	30,035	18,914
Rainy Day Fund	-	17,117	-	17,117
Law Enforcement Aid Fund	27,027	34,472	55,347	6,152
Police Dept Grant Fund	-	3,500	3,500	-
Police Operation Pullover	500	1,468	1,968	-
K-Town/Wayne Township Fire Department	-	138,426	123,101	15,325
Court Document Storage	(4,767)	11,812	6,918	127
Cemetery	(35,913)	153,564	116,622	1,029
Police Reserve Unit Fund	505	360	805	60
Cumulative Capital Development	155,692	21,193	6,833	170,052
Cumulative Fire	1,469	-	1,469	-
Cumulative Capital Improvement	46,059	6,587	39,980	12,666
Cumulative Police Equipment	277	225	447	55
Payroll	(35,290)	1,041,682	1,039,177	(32,785)
Cemetery Endowment	105,112	-	55,112	50,000
Firefighting Fund	(49,775)	15,869	-	(33,906)
County Court Costs	21,625	86,660	86,660	21,625
Deferral Pre-Trial	5,226	27,853	27,853	5,226
Claude Deem	5,174	-	-	5,174
Hoosier Gym Grant	15,454	-	-	15,454
County User Fees Claims	41,967	1,927	10,464	33,430
Town Court	92,537	1,023,442	1,010,832	105,147
Electric Utility-Operating	232,541	2,216,944	2,314,262	135,223
Electric Utility-Depreciation	292,524	114,818	13,936	393,406
Electric Utility-Customer Deposit	37,297	13,655	12,690	38,262
Electric Utility-Cash Reserve#3	457,945	34,822	45,000	447,767
Wastewater Utility-Operating	15,220	288,366	282,291	21,295
Wastewater Util-Bond And Interest	41,242	169,200	168,578	41,864
Wastewater Utility-Depreciation	270,363	1,169	114,872	156,660
Wastewater Utility-Construction	130,444	1,065	-	131,509
Wastewater Utility-Debt Serv Res	234,231	915	-	235,146
Wastewater Utility-Revenue #3	-	385,551	385,551	-
Water Utility-Operating	23,879	277,844	287,317	14,406
Water Utility-Bond And Interest	77,820	30,710	58,565	49,965
Water Utility-Depreciation	10,953	43,061	5,299	48,715
Water Utility-Customer Deposit	8,650	2,700	2,460	8,890
Water Utility-Debt Serv Res	61,495	-	-	61,495
Water Utility-Sinking Fund	32,548	-	-	32,548
Water Utility-Revenue	-	344,352	344,352	-
Totals	<u>\$ 2,538,741</u>	<u>\$ 7,482,002</u>	<u>\$ 7,498,527</u>	<u>\$ 2,522,216</u>

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

TOWN OF KNIGHTSTOWN  
SCHEDULE 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 Fund	\$ 178,128	\$ 723,219	\$ 796,553	\$ 104,794
Motor Vehicle Highway	24,360	59,635	53,689	30,306
Local Road & Street	37,319	35,101	45,428	26,992
Park	18,914	57,284	37,037	39,161
Cemetery	1,029	91,043	98,209	(6,137)
Local Law Enf Cont Ed	37,860	18,882	4,926	51,816
Deferral-Pretrial Program	5,226	20,642	20,642	5,226
River Boat Proceeds	16,536	13,443	13,518	16,461
County User Fee - Claims	33,430	-	14,847	18,583
Endowment-Claude Deem	5,174	132	-	5,306
K-Town/Wayne Fire Dept	15,325	90,612	83,408	22,529
Rainy Day Fund	17,117	8,460	-	25,577
Law Enforcement Aid Fund	6,152	10,901	10,931	6,122
Hoosier Gym Grant	15,454	-	15,454	-
Police Operation Pullover	-	808	808	-
Court Document Storage	127	17,534	11,480	6,181
Police Reserve Unit Fund	60	-	-	60
Cum Capital Development	170,052	9,333	50,140	129,245
Cumulative Police Equipme	55	3,261	2,297	1,019
Cum Capital Improvement	12,666	22,129	2,805	31,990
Firefighting Fund	(33,906)	14,401	-	(19,505)
County Court Costs	21,625	63,301	63,301	21,625
Payroll	(32,785)	977,823	979,591	(34,553)
Cemetery Endowment	50,000	-	-	50,000
Town Court	105,147	758,954	765,080	99,021
Electric Utility Operating	135,223	2,253,751	2,322,714	66,260
Electric Utility Depreciati	393,406	51,997	36,656	408,747
Electric Utility Meter Dep	38,262	14,908	14,299	38,871
Electric Cash Reserve	447,767	66,159	45,000	468,926
Electric Revenue Fund	-	2,304,286	2,304,286	-
Sewage Utility Operating	21,295	310,896	318,183	14,008
Sewage Utility Bond & Int	41,864	169,202	168,818	42,248
Sewage Utility Depreciation	156,660	259	25,000	131,919
Sewer Construction Fund	131,509	262	-	131,771
Sewer Revenue	-	389,521	389,521	-
Sewage Debt Service Reserve	235,146	319	-	235,465
Water Utility Operating	14,406	285,168	278,510	21,064
Water Utility Bond & Interest	49,965	24,848	59,274	15,539
Water Utility Depreciation	48,715	45,122	21,242	72,595
Water Utility Meter Deposit	8,890	3,299	3,549	8,640
Water Sinking Fund	32,548	-	-	32,548
Water Debt Service Reserve	61,495	-	-	61,495
Water Revenue Fund	-	340,796	340,796	-
Totals	<u>\$ 2,522,216</u>	<u>\$ 9,257,691</u>	<u>\$ 9,397,992</u>	<u>\$ 2,381,915</u>

The notes to the financial information is an integral part of this information.

TOWN OF KNIGHTSTOWN  
NOTES TO FINANCIAL INFORMATION

**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, culture and recreation, public improvements, cemetery, court and judicial, general administrative services, water, wastewater, and electric.

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, 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 KNIGHTSTOWN  
NOTES TO FINANCIAL INFORMATION  
(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 KNIGHTSTOWN  
NOTES TO FINANCIAL INFORMATION  
(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 KNIGHTSTOWN  
NOTES TO FINANCIAL INFORMATION  
(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.

**Note 6. *Pension Plan***

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

TOWN OF KNIGHTSTOWN  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

*Funding Policy and Annual Pension Cost*

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

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/](http://www.in.gov/itp/annual_reports/).

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

	General Fund	Motor Vehicle Highway	Local Road And Street	Law Enforcement Continuing Education	Riverboat	Parks And Recreation	Rainy Day Fund
Cash and investments - beginning	\$ 150,558	\$ 8,439	\$ 21,213	\$ 15,813	\$ 1,713	\$ 20,974	\$ -
Receipts:							
Taxes	349,089	-	-	-	-	17,752	-
Licenses and permits	1,200	-	-	1,380	-	-	-
Intergovernmental	163,011	56,692	30,767	-	27,235	2,166	17,117
Charges for services	6,755	-	-	240	-	-	-
Fines and forfeits	167,274	-	-	21,162	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	116,510	1,008	-	375	-	8,057	-
Total receipts	<u>803,839</u>	<u>57,700</u>	<u>30,767</u>	<u>23,157</u>	<u>27,235</u>	<u>27,975</u>	<u>17,117</u>
Disbursements:							
Personal services	574,785	41,779	-	-	-	7,868	-
Supplies	111,011	-	14,661	-	-	2,314	-
Other services and charges	85,473	-	-	-	-	16,632	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,110	-	275	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	5,000	-	-	-	12,412	2,946	-
Total disbursements	<u>776,269</u>	<u>41,779</u>	<u>14,661</u>	<u>1,110</u>	<u>12,412</u>	<u>30,035</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>27,570</u>	<u>15,921</u>	<u>16,106</u>	<u>22,047</u>	<u>14,823</u>	<u>(2,060)</u>	<u>17,117</u>
Cash and investments - ending	<u>\$ 178,128</u>	<u>\$ 24,360</u>	<u>\$ 37,319</u>	<u>\$ 37,860</u>	<u>\$ 16,536</u>	<u>\$ 18,914</u>	<u>\$ 17,117</u>

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

	Law Enforcement Aid Fund	Police Dept Grant Fund	Police Operation Pullover	K-Town/Wayne Township Fire Department	Court Document Storage	Cemetery	Police Reserve Unit Fund
Cash and investments - beginning	\$ 27,027	\$ -	\$ 500	\$ -	\$ (4,767)	\$ (35,913)	\$ 505
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	7,000	-	-	60,000	-	-	-
Charges for services	-	-	-	-	-	95,702	-
Fines and forfeits	-	-	-	-	11,812	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	27,472	3,500	1,468	78,426	-	57,862	360
Total receipts	34,472	3,500	1,468	138,426	11,812	153,564	360
Disbursements:							
Personal services	-	-	1,968	6,500	-	99,500	-
Supplies	15,251	-	-	2,692	4,678	4,066	-
Other services and charges	-	-	-	36,409	2,240	11,306	-
Debt service - principal and interest	-	-	-	77,500	-	-	-
Capital outlay	-	3,500	-	-	-	1,750	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	40,096	-	-	-	-	-	805
Total disbursements	55,347	3,500	1,968	123,101	6,918	116,622	805
Excess (deficiency) of receipts over disbursements	(20,875)	-	(500)	15,325	4,894	36,942	(445)
Cash and investments - ending	\$ 6,152	\$ -	\$ -	\$ 15,325	\$ 127	\$ 1,029	\$ 60

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

	Cumulative Capital Development	Cumulative Fire	Cumulative Capital Improvement	Cumulative Police Equipment	Payroll	Cemetery Endowment	Firefighting Fund
Cash and investments - beginning	\$ 155,692	\$ 1,469	\$ 46,059	\$ 277	\$ (35,290)	\$ 105,112	\$ (49,775)
Receipts:							
Taxes	10,141	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	552	-	6,587	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	10,500	-	-	225	1,041,682	-	15,869
Total receipts	21,193	-	6,587	225	1,041,682	-	15,869
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	6,833	-	39,980	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,469	-	447	1,039,177	55,112	-
Total disbursements	6,833	1,469	39,980	447	1,039,177	55,112	-
Excess (deficiency) of receipts over disbursements	14,360	(1,469)	(33,393)	(222)	2,505	(55,112)	15,869
Cash and investments - ending	\$ 170,052	\$ -	\$ 12,666	\$ 55	\$ (32,785)	\$ 50,000	\$ (33,906)

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

	County Court Costs	Deferral Pre-Trial	Claude Deem	Hoosier Gym Grant	County User Fees Claims	Town Court
Cash and investments - beginning	\$ 21,625	\$ 5,226	\$ 5,174	\$ 15,454	\$ 41,967	\$ 92,537
Receipts:						
Taxes	-	-	-	-	-	
Licenses and permits	-	-	-	-	-	
Intergovernmental	-	-	-	-	-	
Charges for services	-	-	-	-	-	
Fines and forfeits	-	-	-	-	-	1,023,442
Utility fees	-	-	-	-	-	
Penalties	-	-	-	-	-	
Other receipts	86,660	27,853	-	-	1,927	-
Total receipts	<u>86,660</u>	<u>27,853</u>	<u>-</u>	<u>-</u>	<u>1,927</u>	<u>1,023,442</u>
Disbursements:						
Personal services	-	-	-	-	-	
Supplies	-	-	-	-	-	
Other services and charges	-	-	-	-	-	
Debt service - principal and interest	-	-	-	-	-	
Capital outlay	-	-	-	-	-	
Utility operating expenses	-	-	-	-	-	
Other disbursements	86,660	27,853	-	-	10,464	1,010,832
Total disbursements	<u>86,660</u>	<u>27,853</u>	<u>-</u>	<u>-</u>	<u>10,464</u>	<u>1,010,832</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,537)</u>	<u>12,610</u>
Cash and investments - ending	<u>\$ 21,625</u>	<u>\$ 5,226</u>	<u>\$ 5,174</u>	<u>\$ 15,454</u>	<u>\$ 33,430</u>	<u>\$ 105,147</u>

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

	Electric Utility-Operating	Electric Utility-Depreciation	Electric Utility-Customer Deposit	Electric Utility-Cash Reserve#3	Wastewater Utility-Operating	Wastewater Util-Bond And Interest
Cash and investments - beginning	\$ 232,541	\$ 292,524	\$ 37,297	\$ 457,945	\$ 15,220	\$ 41,242
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	2,129,856	-	-	26,911	-	-
Penalties	12,263	-	-	-	-	-
Other receipts	74,825	114,818	13,655	7,911	288,366	169,200
Total receipts	<u>2,216,944</u>	<u>114,818</u>	<u>13,655</u>	<u>34,822</u>	<u>288,366</u>	<u>169,200</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	168,578
Capital outlay	-	11,729	-	-	-	-
Utility operating expenses	2,098,933	-	12,690	-	267,831	-
Other disbursements	215,329	2,207	-	45,000	14,460	-
Total disbursements	<u>2,314,262</u>	<u>13,936</u>	<u>12,690</u>	<u>45,000</u>	<u>282,291</u>	<u>168,578</u>
Excess (deficiency) of receipts over disbursements	<u>(97,318)</u>	<u>100,882</u>	<u>965</u>	<u>(10,178)</u>	<u>6,075</u>	<u>622</u>
Cash and investments - ending	<u>\$ 135,223</u>	<u>\$ 393,406</u>	<u>\$ 38,262</u>	<u>\$ 447,767</u>	<u>\$ 21,295</u>	<u>\$ 41,864</u>

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

	Wastewater Utility-Depreciation	Wastewater Utility-Construction	Wastewater Utility-Debt Serv Res	Wastewater Utility-Revenue #3	Water Utility-Operating	Water Utility-Bond And Interest
Cash and investments - beginning	\$ 270,363	\$ 130,444	\$ 234,231	\$ -	\$ 23,879	\$ 77,820
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	385,551	276,705	-
Penalties	-	-	-	-	-	-
Other receipts	1,169	1,065	915	-	1,139	30,710
Total receipts	<u>1,169</u>	<u>1,065</u>	<u>915</u>	<u>385,551</u>	<u>277,844</u>	<u>30,710</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	58,565
Capital outlay	49,872	-	-	-	-	-
Utility operating expenses	-	-	-	-	253,945	-
Other disbursements	65,000	-	-	385,551	33,372	-
Total disbursements	<u>114,872</u>	<u>-</u>	<u>-</u>	<u>385,551</u>	<u>287,317</u>	<u>58,565</u>
Excess (deficiency) of receipts over disbursements	<u>(113,703)</u>	<u>1,065</u>	<u>915</u>	<u>-</u>	<u>(9,473)</u>	<u>(27,855)</u>
Cash and investments - ending	<u>\$ 156,660</u>	<u>\$ 131,509</u>	<u>\$ 235,146</u>	<u>\$ -</u>	<u>\$ 14,406</u>	<u>\$ 49,965</u>

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

	Water Utility-Depreciation	Water Utility-Customer Deposit	Water Utility-Debt Serv Res	Water Utility-Sinking Fund	Water Utility-Revenue	Totals
Cash and investments - beginning	\$ 10,953	\$ 8,650	\$ 61,495	\$ 32,548	\$ -	\$ 2,538,741
Receipts:						
Taxes	-	-	-	-	-	376,982
Licenses and permits	-	-	-	-	-	2,580
Intergovernmental	-	-	-	-	-	371,127
Charges for services	-	-	-	-	-	102,697
Fines and forfeits	-	-	-	-	-	1,223,690
Utility fees	-	-	-	-	344,352	3,163,375
Penalties	-	-	-	-	-	12,263
Other receipts	43,061	2,700	-	-	-	2,229,288
Total receipts	<u>43,061</u>	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>344,352</u>	<u>7,482,002</u>
Disbursements:						
Personal services	-	-	-	-	-	732,400
Supplies	-	-	-	-	-	154,673
Other services and charges	-	-	-	-	-	152,060
Debt service - principal and interest	-	-	-	-	-	304,643
Capital outlay	-	-	-	-	-	115,049
Utility operating expenses	-	2,460	-	-	-	2,635,859
Other disbursements	5,299	-	-	-	344,352	3,403,843
Total disbursements	<u>5,299</u>	<u>2,460</u>	<u>-</u>	<u>-</u>	<u>344,352</u>	<u>7,498,527</u>
Excess (deficiency) of receipts over disbursements	<u>37,762</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,525)</u>
Cash and investments - ending	<u>\$ 48,715</u>	<u>\$ 8,890</u>	<u>\$ 61,495</u>	<u>\$ 32,548</u>	<u>\$ -</u>	<u>\$ 2,522,216</u>

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

	General Fund	Motor Vehicle Highway	Local Road & Street	Park	Cemetery	Local Law Enf Cont Ed	Deferral-Pretrial Program
Cash and investments - beginning	\$ 178,128	\$ 24,360	\$ 37,319	\$ 18,914	\$ 1,029	\$ 37,860	\$ 5,226
Receipts:							
Taxes	309,207	-	-	46,996	-	-	-
Licenses and permits	1,208	-	-	-	-	1,480	-
Intergovernmental	151,960	56,060	35,101	2,621	-	315	-
Charges for services	-	-	-	831	91,043	165	-
Fines and forfeits	124,161	-	-	-	-	16,922	20,642
Utility fees	-	-	-	-	-	-	-
Other receipts	136,683	3,575	-	6,836	-	-	-
Total receipts	<u>723,219</u>	<u>59,635</u>	<u>35,101</u>	<u>57,284</u>	<u>91,043</u>	<u>18,882</u>	<u>20,642</u>
Disbursements:							
Personal services	564,993	43,038	-	8,308	80,063	-	-
Supplies	88,982	4,468	-	2,912	3,321	-	-
Other services and charges	142,578	6,183	45,428	-	-	-	20,642
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	3,000	2,123	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	22,817	12,702	4,926	-
Total disbursements	<u>796,553</u>	<u>53,689</u>	<u>45,428</u>	<u>37,037</u>	<u>98,209</u>	<u>4,926</u>	<u>20,642</u>
Excess (deficiency) of receipts over disbursements	<u>(73,334)</u>	<u>5,946</u>	<u>(10,327)</u>	<u>20,247</u>	<u>(7,166)</u>	<u>13,956</u>	<u>-</u>
Cash and investments - ending	<u>\$ 104,794</u>	<u>\$ 30,306</u>	<u>\$ 26,992</u>	<u>\$ 39,161</u>	<u>\$ (6,137)</u>	<u>\$ 51,816</u>	<u>\$ 5,226</u>

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

	River Boat Proceeds	County User Fee - Claims	Endowment-Claude Deem	K-Town/Wayne Fire Dept	Rainy Day Fund	Law Enforcement Aid Fund	Hoosier Gym Grant
Cash and investments - beginning	\$ 16,536	\$ 33,430	\$ 5,174	\$ 15,325	\$ 17,117	\$ 6,152	\$ 15,454
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	13,443	-	-	-	8,460	-	-
Charges for services	-	-	-	90,612	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	132	-	-	10,901	-
Total receipts	13,443	-	132	90,612	8,460	10,901	-
Disbursements:							
Personal services	-	-	-	15,000	-	-	-
Supplies	-	-	-	3,488	-	-	-
Other services and charges	13,518	14,847	-	62,769	-	10,931	15,454
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	2,151	-	-	-
Total disbursements	13,518	14,847	-	83,408	-	10,931	15,454
Excess (deficiency) of receipts over disbursements	(75)	(14,847)	132	7,204	8,460	(30)	(15,454)
Cash and investments - ending	\$ 16,461	\$ 18,583	\$ 5,306	\$ 22,529	\$ 25,577	\$ 6,122	\$ -

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

	Police Operation Pullover	Court Document Storage	Police Reserve Unit Fund	Cum Capital Development	Cumulative Police Equipme	Cum Capital Improvement
Cash and investments - beginning	\$ -	\$ 127	\$ 60	\$ 170,052	\$ 55	\$ 12,666
Receipts:						
Taxes	-	-	-	8,839	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	808	-	-	494	-	22,129
Charges for services	-	-	-	-	220	-
Fines and forfeits	-	17,534	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	3,041	-
Total receipts	<u>808</u>	<u>17,534</u>	<u>-</u>	<u>9,333</u>	<u>3,261</u>	<u>22,129</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	50,140	-	-
Other services and charges	808	11,480	-	-	-	2,805
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,297	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>808</u>	<u>11,480</u>	<u>-</u>	<u>50,140</u>	<u>2,297</u>	<u>2,805</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>6,054</u>	<u>-</u>	<u>(40,807)</u>	<u>964</u>	<u>19,324</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,181</u>	<u>\$ 60</u>	<u>\$ 129,245</u>	<u>\$ 1,019</u>	<u>\$ 31,990</u>

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

	Firefighting Fund	County Court Costs	Payroll	Cemetery Endowment	Town Court	Electric Utility Operating
Cash and investments - beginning	\$ (33,906)	\$ 21,625	\$ (32,785)	\$ 50,000	\$ 105,147	\$ 135,223
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	14,401	-	-	-	-	-
Fines and forfeits	-	-	-	-	758,954	-
Utility fees	-	-	-	-	-	2,187,536
Other receipts	-	63,301	977,823	-	-	66,215
Total receipts	<u>14,401</u>	<u>63,301</u>	<u>977,823</u>	<u>-</u>	<u>758,954</u>	<u>2,253,751</u>
Disbursements:						
Personal services	-	-	979,591	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	2,104,632
Other disbursements	-	63,301	-	-	765,080	218,082
Total disbursements	<u>-</u>	<u>63,301</u>	<u>979,591</u>	<u>-</u>	<u>765,080</u>	<u>2,322,714</u>
Excess (deficiency) of receipts over disbursements	<u>14,401</u>	<u>-</u>	<u>(1,768)</u>	<u>-</u>	<u>(6,126)</u>	<u>(68,963)</u>
Cash and investments - ending	<u>\$ (19,505)</u>	<u>\$ 21,625</u>	<u>\$ (34,553)</u>	<u>\$ 50,000</u>	<u>\$ 99,021</u>	<u>\$ 66,260</u>

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

	Electric Utility Depreciati	Electric Utility Meter Dep	Electric Cash Reserve	Electric Revenue Fund	Sewage Utility Operating	Sewage Utility Bond & Int
Cash and investments - beginning	\$ 393,406	\$ 38,262	\$ 447,767	\$ -	\$ 21,295	\$ 41,864
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	80	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	25,242	2,304,286	220,331	-
Other receipts	51,997	14,908	40,917	-	90,485	169,202
Total receipts	51,997	14,908	66,159	2,304,286	310,896	169,202
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	45,000	-	-	168,818
Capital outlay	36,656	-	-	-	-	-
Utility operating expenses	-	3,022	-	-	249,501	-
Other disbursements	-	11,277	-	2,304,286	68,682	-
Total disbursements	36,656	14,299	45,000	2,304,286	318,183	168,818
Excess (deficiency) of receipts over disbursements	15,341	609	21,159	-	(7,287)	384
Cash and investments - ending	\$ 408,747	\$ 38,871	\$ 468,926	\$ -	\$ 14,008	\$ 42,248

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

	Sewage Utility Depreciation	Sewer Construction Fund	Sewer Revenue	Sewage Debt Service Reserve	Water Utility Operating	Water Utility Bond & Interest
Cash and investments - beginning	\$ 156,660	\$ 131,509	\$ -	\$ 235,146	\$ 14,406	\$ 49,965
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	389,521	-	273,883	-
Other receipts	259	262	-	319	11,285	24,848
Total receipts	<u>259</u>	<u>262</u>	<u>389,521</u>	<u>319</u>	<u>285,168</u>	<u>24,848</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	59,274
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	274,368	-
Other disbursements	25,000	-	389,521	-	4,142	-
Total disbursements	<u>25,000</u>	<u>-</u>	<u>389,521</u>	<u>-</u>	<u>278,510</u>	<u>59,274</u>
Excess (deficiency) of receipts over disbursements	<u>(24,741)</u>	<u>262</u>	<u>-</u>	<u>319</u>	<u>6,658</u>	<u>(34,426)</u>
Cash and investments - ending	<u>\$ 131,919</u>	<u>\$ 131,771</u>	<u>\$ -</u>	<u>\$ 235,465</u>	<u>\$ 21,064</u>	<u>\$ 15,539</u>

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

	Water Utility Depreciation	Water Utility Meter Deposit	Water Sinking Fund	Water Debt Service Reserve	Water Revenue Fund	Totals
Cash and investments - beginning	\$ 48,715	\$ 8,890	\$ 32,548	\$ 61,495	\$ -	\$ 2,522,216
Receipts:						
Taxes	-	-	-	-	-	365,042
Licenses and permits	-	-	-	-	-	2,688
Intergovernmental	-	-	-	-	-	291,471
Charges for services	-	-	-	-	-	197,272
Fines and forfeits	-	-	-	-	-	938,213
Utility fees	-	3,299	-	-	340,796	5,744,894
Other receipts	45,122	-	-	-	-	1,718,111
Total receipts	45,122	3,299	-	-	340,796	9,257,691
Disbursements:						
Personal services	-	-	-	-	-	1,690,993
Supplies	-	-	-	-	-	153,311
Other services and charges	-	-	-	-	-	347,443
Debt service - principal and interest	-	-	-	-	-	273,092
Capital outlay	21,242	-	-	-	-	65,318
Utility operating expenses	-	3,549	-	-	-	2,635,072
Other disbursements	-	-	-	-	340,796	4,232,763
Total disbursements	21,242	3,549	-	-	340,796	9,397,992
Excess (deficiency) of receipts over disbursements	23,880	(250)	-	-	-	(140,301)
Cash and investments - ending	\$ 72,595	\$ 8,640	\$ 32,548	\$ 61,495	\$ -	\$ 2,381,915

TOWN OF KNIGHTSTOWN  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended December 31, 2010

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 150,000
Infrastructure	55,000
Buildings	240,000
Machinery and equipment	<u>1,414,676</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,859,676</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 10,000
Buildings	204,451
Improvements other than buildings	40,000
Machinery and equipment	<u>938,037</u>
 Total Water Utility capital assets	 <u>1,192,488</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	50,000
Buildings	235,000
Machinery and equipment	<u>5,063,937</u>
 Total Wastewater Utility capital assets	 <u>5,348,937</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	65,716
Buildings	96,583
Machinery and equipment	<u>1,014,347</u>
 Total Electric Utility capital assets	 <u>1,176,646</u>
 Total business-type activities capital assets	 <u>\$ 7,718,072</u>

TOWN OF KNIGHTSTOWN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
Refunding revenue bonds 2001	\$ 202,000	\$ 58,774
Wastewater Utility:		
Revenue bonds:		
Revenue bonds 1996	1,185,000	168,642
Total business-type activities debt	<u>\$ 1,387,000</u>	<u>\$ 227,416</u>

TOWN OF KNIGHTSTOWN  
EXAMINATION RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The cash balance of the Payroll Fund and the Firefighting Fund were overdrawn in 2009. The cash balance of the Cemetery Fund, Payroll Fund, and Firefighting Fund were overdrawn in 2010.

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)

**TOWN COURT TRUST FUNDS**

The detail for the Court trust funds did not agree with the ending record trust balances.

The total of all unpaid items as shown by the trust fund register must agree with the balance in trust as shown by the court cash book. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

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 City and Town Courts, Chapter 4)

**OFFICIAL BOND**

The following official bond was not filed in the Office of the County Recorder:

Hayden Butler, Town Court Judge

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

**BANK RECONCILIATIONS**

Depository reconciliations of the balances in the Court cash book to the bank account balances were not presented for examination.

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."

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)

TOWN OF KNIGHTSTOWN  
EXIT CONFERENCE

The contents of this report were discussed on August 16, 2011, with Judith Haines, Clerk-Treasurer, and Clyde South, President of the Town Council. The officials concurred with our findings.

The contents of this report were discussed on August 16, 2011, with Lisa Hall, Court Clerk, and Bart Whitesitt, Judge.