

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

EXAMINATION REPORT
OF
TOWN OF LAGRO
WABASH COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
11/22/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	V. Maxine Baker	01-01-08 to 12-31-11
President of the Town Council	Richard Monce	01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF LAGRO, WABASH COUNTY, INDIANA

We have examined the financial statements of the Town of Lagro (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, 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 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 the 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 19, 2011

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FINANCIAL STATEMENTS

TOWN OF LAGRO
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	\$ 73,148	\$ 77,867	\$ 92,654	\$ 58,361
Motor Vehicle Highway	24,684	25,206	47,595	2,295
Local Road and Street	4,818	2,745	7,611	(48)
Sanitation	221	14,075	14,397	(101)
Riverboat	8,568	2,841	-	11,409
Park and Recreation	8,738	16,836	16,267	9,307
Park Donation	4,055	3,544	3,831	3,768
Rainy Day	5,692	1,554	-	7,246
Donations - Good Ole Days Festival	2,085	9,018	9,422	1,681
Economic Development Income Tax	6,124	4,823	3,985	6,962
Cumulative Capital Development	3,977	1,591	4,000	1,568
Cumulative Fire	8,379	209	-	8,588
Cumulative Capital Improvement	3,978	1,393	2,442	2,929
Payroll	950	75,530	75,147	1,333
Wastewater Utility-Operating	(1,635)	72,955	72,097	(777)
Wastewater Utility-Bond and Interest	4,703	27,244	21,398	10,549
Wastewater Utility-Depreciation	7,631	7,200	6,303	8,528
Wastewater Utility-Reserve	733	-	733	-
Wastewater Utility-Debt Reserve	17,059	2,274	5,197	14,136
Water Utility-Operating	3,703	57,544	58,246	3,001
Water Utility-Bond and Interest	18,394	21,039	17,591	21,842
Water Utility-Depreciation	22,496	6,000	9,970	18,526
Water Utility-Customer Deposit	4,909	400	509	4,800
Water Utility-Improvement	-	11,250	-	11,250
Totals	<u>\$ 233,410</u>	<u>\$ 443,138</u>	<u>\$ 469,395</u>	<u>\$ 207,153</u>

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

TOWN OF LAGRO
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	\$ 58,361	\$ 81,221	\$ 90,431	\$ 49,151
Motor Vehicle Highway	2,295	24,425	21,407	5,313
Local Road and Street	(48)	2,801	263	2,490
Sanitation	(101)	15,863	15,392	370
Riverboat	11,409	2,841	-	14,250
Park and Recreation	9,307	12,260	9,758	11,809
Park Donation	3,768	1,766	2,479	3,055
Rainy Day	7,246	2,166	-	9,412
OED Grant	-	1,000	7,105	(6,105)
Donations - Good Ole Days Festival	1,681	9,840	8,309	3,212
Economic Development Income Tax	6,962	6,970	7,771	6,161
Levy Excess	-	209	-	209
Cumulative Capital Development	1,568	1,427	-	2,995
Cumulative Fire	8,588	73	-	8,661
Cumulative Capital Improvement	2,929	1,329	-	4,258
Payroll	1,333	76,653	77,485	501
Wastewater Utility-Operating	(777)	84,259	75,299	8,183
Wastewater Utility-Bond and Interest	10,549	22,607	21,970	11,186
Wastewater Utility-Depreciation	8,528	7,200	867	14,861
Wastewater Utility-Debt Reserve	14,136	2,274	5,338	11,072
Water Utility-Operating	3,001	57,971	59,277	1,695
Water Utility-Bond and Interest	21,842	21,039	17,215	25,666
Water Utility-Depreciation	18,526	12,828	22,146	9,208
Water Utility-Customer Deposit	4,800	900	450	5,250
Water Utility-Improvement	11,250	-	11,545	(295)
Totals	<u>\$ 207,153</u>	<u>\$ 449,922</u>	<u>\$ 454,507</u>	<u>\$ 202,568</u>

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

TOWN OF LAGRO
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 non-businesses 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 LAGRO
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 LAGRO
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 LAGRO
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.

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 LAGRO
NOTES TO FINANCIAL STATEMENTS
(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/.

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

	General	Motor Vehicle Highway	Local Road and Street	Sanitation	Riverboat	Park and Recreation	Park Donation
Cash and investments - beginning	\$ 73,148	\$ 24,684	\$ 4,818	\$ 221	\$ 8,568	\$ 8,738	\$ 4,055
Receipts:							
Taxes	42,609	10,132	-	-	-	12,222	-
Intergovernmental	31,095	15,074	2,745	-	2,841	1,648	-
Charges for services	1,312	-	-	14,075	-	465	-
Utility fees	-	-	-	-	-	-	-
Other receipts	2,851	-	-	-	-	2,501	3,544
Total receipts	<u>77,867</u>	<u>25,206</u>	<u>2,745</u>	<u>14,075</u>	<u>2,841</u>	<u>16,836</u>	<u>3,544</u>
Disbursements:							
Personal services	27,043	37,068	-	-	-	4,675	-
Supplies	12,550	5,527	-	-	-	2,475	-
Other services and charges	49,354	-	-	14,397	-	8,828	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	3,707	5,000	7,611	-	-	289	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	3,831
Total disbursements	<u>92,654</u>	<u>47,595</u>	<u>7,611</u>	<u>14,397</u>	<u>-</u>	<u>16,267</u>	<u>3,831</u>
Excess (deficiency) of receipts over disbursements	<u>(14,787)</u>	<u>(22,389)</u>	<u>(4,866)</u>	<u>(322)</u>	<u>2,841</u>	<u>569</u>	<u>(287)</u>
Cash and investments - ending	<u>\$ 58,361</u>	<u>\$ 2,295</u>	<u>\$ (48)</u>	<u>\$ (101)</u>	<u>\$ 11,409</u>	<u>\$ 9,307</u>	<u>\$ 3,768</u>

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

	Rainy Day	Donations - Good Ole Days Festival	Economic Development Income Tax	Cumulative Capital Development	Cumulative Fire	Cumulative Capital Improvement
Cash and investments - beginning	\$ 5,692	\$ 2,085	\$ 6,124	\$ 3,977	\$ 8,379	\$ 3,978
Receipts:						
Taxes	-	-	-	1,401	-	-
Intergovernmental	1,554	-	4,823	190	-	1,393
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	9,018	-	-	209	-
Total receipts	<u>1,554</u>	<u>9,018</u>	<u>4,823</u>	<u>1,591</u>	<u>209</u>	<u>1,393</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	9,422	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	4,000	-	2,442
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	3,985	-	-	-
Total disbursements	<u>-</u>	<u>9,422</u>	<u>3,985</u>	<u>4,000</u>	<u>-</u>	<u>2,442</u>
Excess (deficiency) of receipts over disbursements	<u>1,554</u>	<u>(404)</u>	<u>838</u>	<u>(2,409)</u>	<u>209</u>	<u>(1,049)</u>
Cash and investments - ending	<u>\$ 7,246</u>	<u>\$ 1,681</u>	<u>\$ 6,962</u>	<u>\$ 1,568</u>	<u>\$ 8,588</u>	<u>\$ 2,929</u>

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

	Payroll	Wastewater Utility-Operating	Wastewater Utility-Bond and Interest	Wastewater Utility- Depreciation	Wastewater Utility- Reserve	Wastewater Utility- Debt Reserve
Cash and investments - beginning	\$ 950	\$ (1,635)	\$ 4,703	\$ 7,631	\$ 733	\$ 17,059
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	75,530	72,955	27,244	7,200	-	2,274
Total receipts	75,530	72,955	27,244	7,200	-	2,274
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	21,398	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	40,576	-	6,303	-	-
Other disbursements	75,147	31,521	-	-	733	5,197
Total disbursements	75,147	72,097	21,398	6,303	733	5,197
Excess (deficiency) of receipts over disbursements	383	858	5,846	897	(733)	(2,923)
Cash and investments - ending	\$ 1,333	\$ (777)	\$ 10,549	\$ 8,528	\$ -	\$ 14,136

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

	Water Utility-Operating	Water Utility-Bond and Interest	Water Utility- Depreciation	Water Utility-Customer Deposit	Water Utility- Improvement	Totals
Cash and investments - beginning	\$ 3,703	\$ 18,394	\$ 22,496	\$ 4,909	\$ -	\$ 233,410
Receipts:						
Taxes	-	-	-	-	-	66,364
Intergovernmental	-	-	-	-	-	61,363
Charges for services	-	-	-	-	-	15,852
Utility fees	56,075	-	-	-	-	56,075
Other receipts	1,469	21,039	6,000	400	11,250	243,484
Total receipts	<u>57,544</u>	<u>21,039</u>	<u>6,000</u>	<u>400</u>	<u>11,250</u>	<u>443,138</u>
Disbursements:						
Personal services	-	-	-	-	-	68,786
Supplies	-	-	-	-	-	29,974
Other services and charges	-	-	-	-	-	72,579
Debt service - principal and interest	-	17,591	-	-	-	38,989
Capital outlay	-	-	-	-	-	23,049
Utility operating expenses	27,100	-	9,970	509	-	84,458
Other disbursements	31,146	-	-	-	-	151,560
Total disbursements	<u>58,246</u>	<u>17,591</u>	<u>9,970</u>	<u>509</u>	<u>-</u>	<u>469,395</u>
Excess (deficiency) of receipts over disbursements	<u>(702)</u>	<u>3,448</u>	<u>(3,970)</u>	<u>(109)</u>	<u>11,250</u>	<u>(26,257)</u>
Cash and investments - ending	<u>\$ 3,001</u>	<u>\$ 21,842</u>	<u>\$ 18,526</u>	<u>\$ 4,800</u>	<u>\$ 11,250</u>	<u>\$ 207,153</u>

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

	General	Motor Vehicle Highway	Local Road and Street	Sanitation	Riverboat	Park and Recreation	Park Donation
Cash and investments - beginning	\$ 58,361	\$ 2,295	\$ (48)	\$ (101)	\$ 11,409	\$ 9,307	\$ 3,768
Receipts:							
Taxes	43,047	11,781	-	-	-	8,877	-
Intergovernmental	36,160	12,644	2,801	-	2,841	1,047	-
Charges for services	700	-	-	15,863	-	645	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,314	-	-	-	-	1,691	1,766
Total receipts	<u>81,221</u>	<u>24,425</u>	<u>2,801</u>	<u>15,863</u>	<u>2,841</u>	<u>12,260</u>	<u>1,766</u>
Disbursements:							
Personal services	27,265	21,407	-	-	-	2,100	-
Supplies	9,290	-	-	-	-	2,231	2,479
Other services and charges	45,417	-	263	15,392	-	5,427	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,354	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	7,105	-	-	-	-	-	-
Total disbursements	<u>90,431</u>	<u>21,407</u>	<u>263</u>	<u>15,392</u>	<u>-</u>	<u>9,758</u>	<u>2,479</u>
Excess (deficiency) of receipts over disbursements	<u>(9,210)</u>	<u>3,018</u>	<u>2,538</u>	<u>471</u>	<u>2,841</u>	<u>2,502</u>	<u>(713)</u>
Cash and investments - ending	<u>\$ 49,151</u>	<u>\$ 5,313</u>	<u>\$ 2,490</u>	<u>\$ 370</u>	<u>\$ 14,250</u>	<u>\$ 11,809</u>	<u>\$ 3,055</u>

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

	Rainy Day	OED Grant	Donations - Good Ole Days Festival	Economic Development Income Tax	Levy Excess	Cumulative Capital Development	Cumulative Fire
Cash and investments - beginning	\$ 7,246	\$ -	\$ 1,681	\$ 6,962	\$ -	\$ 1,568	\$ 8,588
Receipts:							
Taxes	-	-	-	-	209	1,276	-
Intergovernmental	2,166	1,000	-	6,374	-	151	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	9,840	596	-	-	73
Total receipts	<u>2,166</u>	<u>1,000</u>	<u>9,840</u>	<u>6,970</u>	<u>209</u>	<u>1,427</u>	<u>73</u>
Disbursements:							
Personal services	-	-	-	7,771	-	-	-
Supplies	-	-	8,309	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	7,105	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>7,105</u>	<u>8,309</u>	<u>7,771</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,166</u>	<u>(6,105)</u>	<u>1,531</u>	<u>(801)</u>	<u>209</u>	<u>1,427</u>	<u>73</u>
Cash and investments - ending	<u>\$ 9,412</u>	<u>\$ (6,105)</u>	<u>\$ 3,212</u>	<u>\$ 6,161</u>	<u>\$ 209</u>	<u>\$ 2,995</u>	<u>\$ 8,661</u>

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

	Cumulative Capital Improvement	Payroll	Wastewater Utility-Operating	Wastewater Utility-Bond and Interest	Wastewater Utility- Depreciation	Wastewater Utility- Debt Reserve
Cash and investments - beginning	\$ 2,929	\$ 1,333	\$ (777)	\$ 10,549	\$ 8,528	\$ 14,136
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	1,329	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	77,628	-	-	-
Other receipts	-	76,653	6,631	22,607	7,200	2,274
Total receipts	1,329	76,653	84,259	22,607	7,200	2,274
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	21,970	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	68,099	-	-	-
Other disbursements	-	77,485	7,200	-	867	5,338
Total disbursements	-	77,485	75,299	21,970	867	5,338
Excess (deficiency) of receipts over disbursements	1,329	(832)	8,960	637	6,333	(3,064)
Cash and investments - ending	\$ 4,258	\$ 501	\$ 8,183	\$ 11,186	\$ 14,861	\$ 11,072

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

	Water Utility-Operating	Water Utility-Bond and Interest	Water Utility- Depreciation	Water Utility-Customer Deposit	Water Utility- Improvement	Totals
Cash and investments - beginning	\$ 3,001	\$ 21,842	\$ 18,526	\$ 4,800	\$ 11,250	\$ 207,153
Receipts:						
Taxes	-	-	-	-	-	65,190
Intergovernmental	-	-	-	-	-	66,513
Charges for services	-	-	-	-	-	17,208
Utility fees	57,909	-	-	-	-	135,537
Other receipts	62	21,039	12,828	900	-	165,474
Total receipts	57,971	21,039	12,828	900	-	449,922
Disbursements:						
Personal services	-	-	-	-	-	58,543
Supplies	-	-	-	-	-	22,309
Other services and charges	-	-	-	-	-	66,499
Debt service - principal and interest	-	17,215	-	-	-	39,185
Capital outlay	-	-	-	-	-	8,459
Utility operating expenses	32,238	-	22,146	450	-	122,933
Other disbursements	27,039	-	-	-	11,545	136,579
Total disbursements	59,277	17,215	22,146	450	11,545	454,507
Excess (deficiency) of receipts over disbursements	(1,306)	3,824	(9,318)	450	(11,545)	(4,585)
Cash and investments - ending	\$ 1,695	\$ 25,666	\$ 9,208	\$ 5,250	\$ (295)	\$ 202,568

TOWN OF LAGRO
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 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 are included if acquired (purchased, constructed, or donated) after January 1 2005, or if they received major renovations, restorations, or improvements after that date. 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	\$ 5,500
Buildings	196,103
Machinery and equipment	<u>89,814</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 291,417</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 47,177
Buildings	2,304
Improvements other than buildings	939,882
Machinery and equipment	<u>52,539</u>
Total Water Utility capital assets	<u>1,041,902</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	2,677,060
Machinery and equipment	<u>19,200</u>
Total Wastewater Utility capital assets	<u>2,696,260</u>
Total business-type activities capital assets	<u>\$ 3,738,162</u>

TOWN OF LAGRO
 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:		
Loans:		
State revolving fund - waterworks improvements	\$ 183,865	\$ 9,466
Wastewater Utility:		
Revenue Bonds:		
1995 Sewage works expansion	138,000	13,052
2001 Sewage works expansion	<u>123,000</u>	<u>9,445</u>
Total Wastewater Utility	<u>261,000</u>	<u>22,497</u>
Total business-type activities debt	<u>\$ 444,865</u>	<u>\$ 31,963</u>

TOWN OF LAGRO
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The following errors were noted on the City and Town Annual Report (CTAR) filed with the State Board of Accounts for the years 2009 and 2010.

1. Beginning balances did not always agree with ending balances on the prior year's report.
2. Amounts reported did not always agree with the fund ledger amounts.
3. Some funds were omitted from the reports.
4. For some funds total receipts on part 2 of the reports did not agree with total receipts on part 1.

A similar comment appeared in prior Report B35049.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incorrect and included unidentified differences that varied each month. A similar comment appeared in prior Report B35049.

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)

CONDITION OF RECORDS

The following deficiencies relating to recordkeeping were present during our period of examination. A similar comment appeared in prior Report 35049.

1. There were several posting errors consisting of checks and receipts not recorded in the proper amounts.
2. Several disbursements were not posted properly to the Ledger of Appropriations, Encumbrances, Disbursements and Balances.

TOWN OF LAGRO
EXAMINATION RESULTS AND COMMENTS
(Continued)

3. Several adjustments to appropriations were erroneously included with the disbursements.
4. The Ledger of Appropriations, Encumbrances, Disbursements and Balances did not have any totals.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register did not agree in total with the Water Utility Customer Deposit cash balance.

At all times, the manual/or and 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)

APPROPRIATIONS

The Motor Vehicle Highway Fund expenditures exceeded budgeted appropriations by \$2,556 for the year 2009.

Indiana Code 6-1.1-18-4 states in part:

". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ERRORS ON CLAIMS

Some claims were not adequately itemized or properly documented.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;

TOWN OF LAGRO
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

DELINQUENT WASTEWATER ACCOUNTS

Delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
 - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.
 - (B) A description of the premises, as shown by the records of the county auditor.
 - (C) The amount of the delinquent fees, together with the penalty.
- (2) An individual instrument for each lot or parcel of real property on which the fees are delinquent.

(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . .

(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

The Utilities do not have a written policy for writing off bad debts, uncollectible accounts receivable, or any adjustments to record balances. The percentage of accounts receivable balances that were inactive or were 90 days and older could not be determined because Aged Trial Balance Reports were not available for examination. Accounts receivable for water, wastewater, and trash services at December 31, 2010, was \$26,912.

TOWN OF LAGRO
EXAMINATION RESULTS AND COMMENTS
(Continued)

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS

The following deficiencies relating to recordkeeping for utility receipts were present during our period of examination.

1. Utility receipts tested could not be verified as to whether they were deposited in the same form in which they were received.
2. The Register of Daily Cash Receipts – Consumer ledger contained several mathematical errors.
3. Utility collections tested were not consistently credited to the appropriate utility from which the bill was created.

Public funds deposited should be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balance of the OED Grant Fund (\$6,105) and the Water Utility-Improvement Fund (\$295) were overdrawn at December 31, 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 OF LAGRO
EXAMINATION RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Amounts paid to the Internal Revenue Service did not always agree with the amounts reported on Form 941 (Employer's Quarterly Federal Tax Return).

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)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY PENALTIES

Penalties on delinquent water billings tested were not always calculated in accordance with the rate ordinance.

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 LAGRO
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2011, with V. Maxine Baker, Clerk-Treasurer, and Larry Smith, Town Council member. The officials concurred with our findings.