

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF ANDREWS

HUNTINGTON COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
11/28/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report.....	3
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6
Notes to Financial Statement.....	7-11
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-17
Schedule of Capital Assets.....	18
Schedule of Long-Term Debt	19
Examination Results and Comments:	
Hydrant Rental Receivable.....	20
Delinquent Wastewater Accounts.....	20
Federal and State Agencies – Compliance Requirements	21
Exit Conference.....	22

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	William K. Johnson	01-01-08 to 12-31-11
President of the Town Council	Robert Gray	01-01-10 to 07-19-10
	(Vacant)	07-20-10 to 09-12-10
	Karl Shockome	09-13-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF ANDREWS, HUNTINGTON COUNTY, INDIANA

We have examined the financial statement of the Town of Andrews (Town), for the period of January 1, 2010 to December 31, 2010. The Town's management is responsible for the financial statement. 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 statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the 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 statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule 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 statement. They have not been subjected to the examination procedures applied to the financial statement 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

October 17, 2011

(This page intentionally left blank.)

FINANCIAL STATEMENT

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

TOWN OF ANDREWS
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	\$ 312,432	\$ 281,414	\$ 340,130	\$ 253,716
Motor Vehicle Highway	99,508	83,813	77,341	105,980
Local Road and Street	24,832	6,574	-	31,406
Park and Recreation	13,879	3,900	237	17,542
Trash Pickup	17,636	41,237	41,759	17,114
Law Enforcement Continuing Education	2,452	708	-	3,160
Riverboat	43,396	8,073	-	51,469
Firefighting	164,155	48,473	19,220	193,408
Community Building	3,502	428	-	3,930
Rainy Day	12,105	5,221	-	17,326
Economic Development Income Tax	239,550	59,968	29,246	270,272
Levy Excess	-	1,119	-	1,119
Local Option Income Tax - Public Safety	11,156	10,683	1,843	19,996
Cumulative Capital Development	22,738	2,877	2,500	23,115
Cumulative Capital Improvement	2,000	3,777	5,000	777
Cumulative Firefighting Equipment	31,642	1,848	-	33,490
Payroll	3,886	307,830	308,296	3,420
Wastewater Utility - Operating	25,747	230,892	233,744	22,895
Wastewater Utility - Depreciation	108,417	22,833	3,345	127,905
Wastewater Utility - Customer Deposit	10,000	-	-	10,000
Water Utility - Operating	91,438	184,077	141,979	133,536
Water Utility - Bond and Interest	559	-	-	559
Water Utility - Depreciation	71,792	15,430	-	87,222
Water Utility - Customer Deposit	31,266	6,490	7,380	30,376
Water Utility - Tower Maintenance	19,200	2,400	-	21,600
Water Utility - Debt Service Reserve	10,440	-	-	10,440
Water Utility - Escrow	4,413	-	-	4,413
Totals	<u>\$ 1,378,141</u>	<u>\$ 1,330,065</u>	<u>\$ 1,212,020</u>	<u>\$ 1,496,186</u>

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

TOWN OF ANDREWS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and trash.

The accompanying financial statement presents 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 statement is 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 statement. 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 ANDREWS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 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 statement. 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 ANDREWS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, 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 ANDREWS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial 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 ANDREWS
NOTES TO FINANCIAL STATEMENT
(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.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

TOWN OF ANDREWS
 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	Park and Recreation	Trash Pickup	Law Enforcement Continuing Education	Riverboat
Cash and investments - beginning	\$ 312,432	\$ 99,508	\$ 24,832	\$ 13,879	\$ 17,636	\$ 2,452	\$ 43,396
Receipts:							
Taxes	147,433	43,593	-	3,373	-	-	-
Licenses and permits	-	-	-	-	-	693	-
Intergovernmental	110,495	40,209	6,574	502	-	-	8,073
Charges for services	205	-	-	-	41,237	15	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	23,281	11	-	25	-	-	-
Total receipts	<u>281,414</u>	<u>83,813</u>	<u>6,574</u>	<u>3,900</u>	<u>41,237</u>	<u>708</u>	<u>8,073</u>
Disbursements:							
Personal services	248,417	42,174	-	-	-	-	-
Supplies	10,238	3,750	-	102	-	-	-
Other services and charges	73,192	10,117	-	108	41,759	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	7,876	21,300	-	27	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	407	-	-	-	-	-	-
Total disbursements	<u>340,130</u>	<u>77,341</u>	<u>-</u>	<u>237</u>	<u>41,759</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(58,716)</u>	<u>6,472</u>	<u>6,574</u>	<u>3,663</u>	<u>(522)</u>	<u>708</u>	<u>8,073</u>
Cash and investments - ending	<u>\$ 253,716</u>	<u>\$ 105,980</u>	<u>\$ 31,406</u>	<u>\$ 17,542</u>	<u>\$ 17,114</u>	<u>\$ 3,160</u>	<u>\$ 51,469</u>

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

	Firefighting	Community Building	Rainy Day	Economic Development Income Tax	Levy Excess	Local Option Income Tax - Public Safety	Cumulative Capital Development
Cash and investments - beginning	\$ 164,155	\$ 3,502	\$ 12,105	\$ 239,550	\$ -	\$ 11,156	\$ 22,738
Receipts:							
Taxes	18,984	-	-	-	1,119	-	2,417
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,828	-	5,221	59,968	-	10,683	360
Charges for services	25,000	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	1,661	428	-	-	-	-	100
Total receipts	<u>48,473</u>	<u>428</u>	<u>5,221</u>	<u>59,968</u>	<u>1,119</u>	<u>10,683</u>	<u>2,877</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	3,340	-	-	-	-	-	-
Other services and charges	11,896	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	29,246	-	-	-
Capital outlay	3,984	-	-	-	-	1,843	2,500
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>19,220</u>	<u>-</u>	<u>-</u>	<u>29,246</u>	<u>-</u>	<u>1,843</u>	<u>2,500</u>
Excess (deficiency) of receipts over disbursements	<u>29,253</u>	<u>428</u>	<u>5,221</u>	<u>30,722</u>	<u>1,119</u>	<u>8,840</u>	<u>377</u>
Cash and investments - ending	<u>\$ 193,408</u>	<u>\$ 3,930</u>	<u>\$ 17,326</u>	<u>\$ 270,272</u>	<u>\$ 1,119</u>	<u>\$ 19,996</u>	<u>\$ 23,115</u>

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

	Cumulative Capital Improvement	Cumulative Firefighting Equipment	Payroll	Wastewater Utility - Operating	Wastewater Utility - Depreciation	Wastewater Utility - Customer Deposit	Water Utility - Operating
Cash and investments - beginning	\$ 2,000	\$ 31,642	\$ 3,886	\$ 25,747	\$ 108,417	\$ 10,000	\$ 91,438
Receipts:							
Taxes	-	1,609	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	3,777	239	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	225,674	-	-	129,839
Penalties	-	-	-	3,042	-	-	2,999
Other receipts	-	-	307,830	2,176	22,833	-	51,239
Total receipts	3,777	1,848	307,830	230,892	22,833	-	184,077
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	29,246	-	-	-
Capital outlay	-	-	-	12,940	3,345	-	12,806
Utility operating expenses	-	-	-	168,725	-	-	110,721
Other disbursements	5,000	-	308,296	22,833	-	-	18,452
Total disbursements	5,000	-	308,296	233,744	3,345	-	141,979
Excess (deficiency) of receipts over disbursements	(1,223)	1,848	(466)	(2,852)	19,488	-	42,098
Cash and investments - ending	\$ 777	\$ 33,490	\$ 3,420	\$ 22,895	\$ 127,905	\$ 10,000	\$ 133,536

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

	Water Utility - Bond and Interest	Water Utility - Depreciation	Water Utility - Customer Deposit	Water Utility - Tower Maintenance	Water Utility - Debt Service Reserve	Water Utility - Escrow	Totals
Cash and investments - beginning	\$ 559	\$ 71,792	\$ 31,266	\$ 19,200	\$ 10,440	\$ 4,413	\$ 1,378,141
Receipts:							
Taxes	-	-	-	-	-	-	218,528
Licenses and permits	-	-	-	-	-	-	693
Intergovernmental	-	-	-	-	-	-	248,929
Charges for services	-	-	-	-	-	-	66,457
Utility fees	-	-	-	-	-	-	355,513
Penalties	-	-	-	-	-	-	6,041
Other receipts	-	15,430	6,490	2,400	-	-	433,904
Total receipts	-	15,430	6,490	2,400	-	-	1,330,065
Disbursements:							
Personal services	-	-	-	-	-	-	290,591
Supplies	-	-	-	-	-	-	17,430
Other services and charges	-	-	-	-	-	-	137,072
Debt service - principal and interest	-	-	-	-	-	-	58,492
Capital outlay	-	-	-	-	-	-	66,621
Utility operating expenses	-	-	7,380	-	-	-	286,826
Other disbursements	-	-	-	-	-	-	354,988
Total disbursements	-	-	7,380	-	-	-	1,212,020
Excess (deficiency) of receipts over disbursements	-	15,430	(890)	2,400	-	-	118,045
Cash and investments - ending	\$ 559	\$ 87,222	\$ 30,376	\$ 21,600	\$ 10,440	\$ 4,413	\$ 1,496,186

TOWN OF ANDREWS
 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 completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets is not required.

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 191,672
Infrastructure	71,766
Buildings	123,173
Improvements other than buildings	540,720
Machinery and equipment	<u>509,564</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,436,895</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 17,550
Buildings	33,181
Improvements other than buildings	1,246,452
Machinery and equipment	<u>91,164</u>
 Total Water Utility capital assets	 <u>1,388,347</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	12,170
Buildings	3,203
Improvements other than buildings	1,978,318
Machinery and equipment	<u>184,459</u>
 Total Wastewater Utility capital assets	 <u>2,178,150</u>
 Total business-type activities capital assets	 <u>\$ 3,566,497</u>

TOWN OF ANDREWS
 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:		
Wastewater Utility:		
Notes and loans payable:		
Norwood Construction Assistance	\$ <u>56,370</u>	\$ <u>29,246</u>

TOWN OF ANDREWS
EXAMINATION RESULTS AND COMMENTS

HYDRANT RENTAL RECEIVABLE

The Town underpaid hydrant rental in the amount of \$3,630 during 2010.

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)

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. . . ."

TOWN OF ANDREWS
EXAMINATION RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Clothing allowances for some Town employees were not properly reported on Internal Revenue Service Form W-2 (Wage and Tax Statement) in 2010. A similar comment appeared in prior Report B37758.

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)

TOWN OF ANDREWS
EXIT CONFERENCE

The contents of this report were discussed on October 17, 2011, with William K. Johnson, Clerk-Treasurer, and Raymond R. Tackett, Town Council member. The officials concurred with our findings.