

B41473

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

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

TOWN OF ROANN

WABASH COUNTY, INDIANA

July 1, 2010 to December 31, 2011



FILED
12/04/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Accountant's Report.....	3
Financial Statements:	
Statements of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	6-7
Notes to Financial Statements	8-11
Supplementary Information:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	14-19
Schedule of Payables and Receivables	20
Schedule of Leases and Debt	21
Schedule of Capital Assets.....	22
Examination Results and Comments:	
Condition of Records	23
Appropriations.....	23
Condition of Payroll Records	23-24
Utility Receipts Tax	24
Sales Tax.....	24
Errors on Claims	24-25
Hydrant Rental.....	25
Distribution of Gross Revenues to the Various Funds	25
Delinquent Wastewater Accounts.....	25-26
Condition of Utility Accounts Receivable Records	26
Penalties, Interest, and Other Charges	26-27
Exit Conference.....	28

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sonia R. Poe	01-01-08 to 08-27-10
	(Vacant)	08-28-10 to 09-13-10
	Jamie Adkins	09-14-10 to 12-31-11
	Robert M. Ferguson, Jr.	01-01-12 to 12-31-15
President of the Town Council	Stephen R. Johnson	01-01-10 to 12-31-10
	Justin Vigar	01-01-11 to 12-31-12
Superintendent of Utilities	Bruce Shaw	07-01-10 to 12-31-12



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 ROANN, WABASH COUNTY, INDIANA

We have examined the accompanying financial statements of the Town of Roann (Town), for the period of July 1, 2010 to December 31, 2011. The financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statements 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 period of July 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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, Town Council, and others within the entity 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

November 8, 2012

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FINANCIAL STATEMENTS

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

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

Fund	Cash and Investments 07-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 375,899	\$ 50,950	\$ 116,587	\$ 310,262
Motor Vehicle Highway	50,261	16,048	19,671	46,638
Local Road and Street	5,162	817	5,207	772
Sanitation	3,377	6,835	9,354	858
Rainy Day	1,313	-	-	1,313
Cumulative Fire	12,031	-	-	12,031
Economic Development Income Tax	4,257	3,361	3,629	3,989
Cumulative Capital Improvement	2,581	-	-	2,581
Wastewater Utility - Operating	134,866	42,785	84,255	93,396
Wastewater Utility - Bond and Interest	117,621	-	96,796	20,825
Wastewater Utility - Depreciation	93,515	-	31,559	61,956
Wastewater Utility - Debt Service Reserve	44,369	-	-	44,369
Water Utility - Operating	61,845	41,025	37,505	65,365
Water Utility - Bond and Interest	2,613	-	-	2,613
Water Utility - Depreciation	142	-	-	142
Water Utility - Customer Deposit	50	-	-	50
Totals	<u>\$ 909,902</u>	<u>\$ 161,821</u>	<u>\$ 404,563</u>	<u>\$ 667,160</u>

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

TOWN OF ROANN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 310,262	\$ 98,645	\$ 168,933	\$ 239,974
Motor Vehicle Highway	46,638	40,053	25,002	61,689
Local Road and Street	772	2,250	-	3,022
Sanitation	858	16,260	16,391	727
Rainy Day	1,313	-	-	1,313
Cumulative Fire	12,031	-	-	12,031
Cumulative Capital Improvement	2,581	-	-	2,581
Economic Development Income Tax	3,989	4,293	2,712	5,570
Wastewater Utility - Operating	93,396	84,945	87,800	90,541
Wastewater Utility - Depreciation	61,956	-	135	61,821
Wastewater Utility - Bond and Interest	20,825	-	19,272	1,553
Wastewater Utility - Debt Service Reserve	44,369	-	-	44,369
Water Utility - Operating	65,365	51,883	69,990	47,258
Water Utility - Depreciation	142	-	-	142
Water Utility - Bond and Interest	2,613	-	-	2,613
Water Utility - Customer Deposit	50	-	-	50
Totals	<u>\$ 667,160</u>	<u>\$ 298,329</u>	<u>\$ 390,235</u>	<u>\$ 575,254</u>

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

TOWN OF ROANN
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: highways and streets, public improvements, general administrative services, water, wastewater, and trash.

The accompanying financial statements present the financial information for the Town.

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 include 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.

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

TOWN OF ROANN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

Penalties which include fees received for late payments.

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 include 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.

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.

TOWN OF ROANN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

TOWN OF ROANN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

TOWN OF ROANN
 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	Rainy Day	Cumulative Fire
Cash and investments - beginning	\$ 375,899	\$ 50,261	\$ 5,162	\$ 3,377	\$ 1,313	\$ 12,031
Receipts:						
Taxes	21,307	10,700	-	-	-	-
Intergovernmental	26,314	5,348	817	-	-	-
Charges for services	-	-	-	6,835	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	3,329	-	-	-	-	-
Total receipts	<u>50,950</u>	<u>16,048</u>	<u>817</u>	<u>6,835</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	22,266	-	-	-	-	-
Supplies	2,527	843	-	-	-	-
Other services and charges	89,050	10,170	-	9,354	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	2,744	8,658	5,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	207	-	-	-
Total disbursements	<u>116,587</u>	<u>19,671</u>	<u>5,207</u>	<u>9,354</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(65,637)</u>	<u>(3,623)</u>	<u>(4,390)</u>	<u>(2,519)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 310,262</u>	<u>\$ 46,638</u>	<u>\$ 772</u>	<u>\$ 858</u>	<u>\$ 1,313</u>	<u>\$ 12,031</u>

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

	Economic Development Income Tax	Cumulative Capital Improvement	Wastewater Utility - Operating	Wastewater Utility - Bond and Interest	Wastewater Utility - Depreciation	Wastewater Utility - Debt Service Reserve
Cash and investments - beginning	\$ 4,257	\$ 2,581	\$ 134,866	\$ 117,621	\$ 93,515	\$ 44,369
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	3,361	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	42,047	-	-	-
Penalties	-	-	738	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>3,361</u>	<u>-</u>	<u>42,785</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	96,796	-	-
Capital outlay	3,629	-	4,194	-	-	-
Utility operating expenses	-	-	21,429	-	-	-
Other disbursements	-	-	58,632	-	31,559	-
Total disbursements	<u>3,629</u>	<u>-</u>	<u>84,255</u>	<u>96,796</u>	<u>31,559</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(268)</u>	<u>-</u>	<u>(41,470)</u>	<u>(96,796)</u>	<u>(31,559)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,989</u>	<u>\$ 2,581</u>	<u>\$ 93,396</u>	<u>\$ 20,825</u>	<u>\$ 61,956</u>	<u>\$ 44,369</u>

TOWN OF ROANN
 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	Totals
Cash and investments - beginning	\$ 61,845	\$ 2,613	\$ 142	\$ 50	\$ 909,902
Receipts:					
Taxes	-	-	-	-	32,007
Intergovernmental	-	-	-	-	35,840
Charges for services	-	-	-	-	6,835
Utility fees	39,082	-	-	-	81,129
Penalties	114	-	-	-	852
Other receipts	1,829	-	-	-	5,158
Total receipts	<u>41,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,821</u>
Disbursements:					
Personal services	-	-	-	-	22,266
Supplies	-	-	-	-	3,370
Other services and charges	-	-	-	-	108,574
Debt service - principal and interest	-	-	-	-	96,796
Capital outlay	1,505	-	-	-	25,730
Utility operating expenses	14,733	-	-	-	36,162
Other disbursements	21,267	-	-	-	111,665
Total disbursements	<u>37,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,563</u>
Excess (deficiency) of receipts over disbursements	<u>3,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(242,742)</u>
Cash and investments - ending	<u>\$ 65,365</u>	<u>\$ 2,613</u>	<u>\$ 142</u>	<u>\$ 50</u>	<u>\$ 667,160</u>

TOWN OF ROANN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road and Street	Sanitation	Rainy Day	Cumulative Fire
Cash and investments - beginning	\$ 310,262	\$ 46,638	\$ 772	\$ 858	\$ 1,313	\$ 12,031
Receipts:						
Taxes	47,747	34,354	2,250	-	-	-
Intergovernmental	49,793	5,399	-	-	-	-
Charges for services	-	-	-	16,260	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	1,105	300	-	-	-	-
Total receipts	<u>98,645</u>	<u>40,053</u>	<u>2,250</u>	<u>16,260</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	26,457	-	-	-	-	-
Supplies	18,226	485	-	-	-	-
Other services and charges	31,703	3,779	-	16,391	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	1,828	6,296	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	90,719	14,442	-	-	-	-
Total disbursements	<u>168,933</u>	<u>25,002</u>	<u>-</u>	<u>16,391</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(70,288)</u>	<u>15,051</u>	<u>2,250</u>	<u>(131)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 239,974</u>	<u>\$ 61,689</u>	<u>\$ 3,022</u>	<u>\$ 727</u>	<u>\$ 1,313</u>	<u>\$ 12,031</u>

TOWN OF ROANN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Cumulative Capital Improvement	Economic Development Income Tax	Wastewater Utility - Operating	Wastewater Utility - Depreciation	Wastewater Utility - Bond and Interest	Wastewater Utility - Debt Service Reserve
Cash and investments - beginning	\$ 2,581	\$ 3,989	\$ 93,396	\$ 61,956	\$ 20,825	\$ 44,369
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental	-	4,293	-	-	-	-
Charges for services	-	-	-	-	-	-
Utility fees	-	-	82,203	-	-	-
Penalties	-	-	2,742	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	4,293	84,945	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	19,272	-
Capital outlay	-	2,712	-	-	-	-
Utility operating expenses	-	-	54,754	135	-	-
Other disbursements	-	-	33,046	-	-	-
Total disbursements	-	2,712	87,800	135	19,272	-
Excess (deficiency) of receipts over disbursements	-	1,581	(2,855)	(135)	(19,272)	-
Cash and investments - ending	\$ 2,581	\$ 5,570	\$ 90,541	\$ 61,821	\$ 1,553	\$ 44,369

TOWN OF ROANN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Water Utility - Operating	Water Utility - Depreciation	Water Utility - Bond and Interest	Water Utility - Customer Deposit	Totals
Cash and investments - beginning	\$ 65,365	\$ 142	\$ 2,613	\$ 50	\$ 667,160
Receipts:					
Taxes	2,971	-	-	-	87,322
Intergovernmental	-	-	-	-	59,485
Charges for services	-	-	-	-	16,260
Utility fees	48,266	-	-	-	130,469
Penalties	573	-	-	-	3,315
Other receipts	73	-	-	-	1,478
Total receipts	<u>51,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,329</u>
Disbursements:					
Personal services	-	-	-	-	26,457
Supplies	-	-	-	-	18,711
Other services and charges	-	-	-	-	51,873
Debt service - principal and interest	-	-	-	-	19,272
Capital outlay	-	-	-	-	10,836
Utility operating expenses	48,631	-	-	-	103,520
Other disbursements	21,359	-	-	-	159,566
Total disbursements	<u>69,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,235</u>
Excess (deficiency) of receipts over disbursements	<u>(18,107)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,906)</u>
Cash and investments - ending	<u>\$ 47,258</u>	<u>\$ 142</u>	<u>\$ 2,613</u>	<u>\$ 50</u>	<u>\$ 575,254</u>

TOWN OF ROANN
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Enterprise activities:		
Wastewater Utility	\$ 4,458	\$ 12,979
Water Utility	1,844	6,278
Totals	\$ 6,302	\$ 19,257

TOWN OF ROANN
 SCHEDULE OF LEASES AND DEBT
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Business-type activities:			
Wastewater Utility:			
2008 State Revolving Fund Loan	Wastewater upgrades	<u>\$ 349,579</u>	<u>\$ 35,533</u>

TOWN OF ROANN
SCHEDULE OF CAPITAL ASSETS
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Buildings	\$ 129,000
Improvements other than buildings	18,800
Machinery, equipment and vehicles	237,834
Total Governmental Activities	385,634
Wastewater Utility:	
Land	8,222
Buildings	303,874
Improvements other than buildings	857,511
Machinery, equipment and vehicles	545,688
Total Wastewater Utility	1,715,295
Water Utility:	
Land	895
Buildings	37,999
Improvements other than buildings	396,145
Machinery, equipment and vehicles	88,845
Total Water Utility	523,884
Total Capital Assets	\$ 2,624,813

TOWN OF ROANN
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping, that were cited in the prior Report B38003, were again present during our period of examination:

1. Depository reconciliations of the fund balances to the bank account balances were not presented for examination or were incorrect.

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."

2. There were a considerable number of posting errors. These errors included electronic deposits not receipted, checks and receipts not recorded in the proper amounts, and receipts not posted to the proper funds.

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)

3. Some transactions were recorded as "negative" receipts and disbursements.

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)

APPROPRIATIONS

The Local Road and Street Fund expenditures for the year 2010 exceeded budgeted appropriations by \$4,049.

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."

CONDITION OF PAYROLL RECORDS

The following deficiencies in payroll records, which were cited in prior Report B38003, were again present during our period of examination:

1. Internal Revenue Service Form W-2 (Wage and Tax Statement) issued by the Town did not always agree with wages paid to the employees.
2. Employee's Earnings Record (Form 99B) and Employee's Service Record (Form 99A) were provided for examination, but totals did not foot or cross foot.
3. Totals shown as paid on the Employee's Earnings Record did not agree with actual checks posted to the Appropriation Detail History.

TOWN OF ROANN
EXAMINATION RESULTS AND COMMENTS
(Continued)

4. Payroll withholdings were not properly reported or remitted to the Internal Revenue Service or the Indiana Department of Revenue.

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)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

UTILITY RECEIPTS TAX

The Water Utility did not pay utility receipts tax to the Indiana Department of Revenue for sales during 2011. A similar comment appeared in prior Report B38003.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SALES TAX

The Utility did not remit sales tax collected on utility services to the Indiana Department of Revenue in a timely manner.

Collections by a city or town from the retail sale of tangible property, utility service, or commodities in the performance of private or proprietary activities are subject to sales tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All questions concerning the law or procedure for paying and collecting sales tax should be directed to the Indiana Department of Revenue, Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the examination period:

1. Claims were not prepared for all disbursements.
2. Claims were not adequately itemized.
3. All claims did not have board approval.

TOWN OF ROANN
EXAMINATION RESULTS AND COMMENTS
(Continued)

4. Claims or invoices did not have evidence to support receipt of goods or services.
5. Claims were not certified by the fiscal officer that the invoice or bill was true and correct.

A similar comment appeared in prior Report B38003.

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;
- (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."

HYDRANT RENTAL

The Town did not pay 2011 hydrant rental of \$13,608 to the Water Utility during the examination period. A similar comment appeared in prior Report B38003.

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)

DISTRIBUTION OF GROSS REVENUES TO THE VARIOUS FUNDS

Gross revenues were not being distributed to the various utility funds in accordance with the applicable revenue bond 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)

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. A similar comment appeared in prior report B38003.

TOWN OF ROANN
EXAMINATION RESULTS AND COMMENTS
(Continued)

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; and
 - (C) The amount of the delinquent fees, together with the penalty; or
- (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. . . ."

CONDITION OF UTILITY ACCOUNTS RECEIVABLE RECORDS

The masterfile balance (control) could not be verified to the detail (billings, collections, adjustments). A similar comment appeared in prior Report B38003.

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)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$246 were paid to the Indiana Department of Revenue in 2011 for the late payment of the November 30, 2006 and the June 30, 2011 payroll withholding taxes.

Penalties and interest totaling \$116 were paid to the Indiana Department of Revenue during 2011 for late remittance of 2009 and 2010 utility receipts taxes.

A similar comment appeared in prior Report B38003.

TOWN OF ROANN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF ROANN
EXIT CONFERENCE

The contents of this report were discussed on November 8, 2012, with Robert M. Ferguson, Jr., Clerk-Treasurer, and Jamie Adkins, former Clerk-Treasurer. The officials concurred with our findings.