

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF KNIGHTSTOWN

HENRY COUNTY, INDIANA

January 1, 2011 to December 31, 2012



**FILED**  
10/09/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Judith Haines (Vacant) Bart Whitesitt	10-01-08 to 06-30-13 07-01-13 to 07-25-13 07-26-13 to 12-31-15
Judge	Bart Whitesitt	01-01-10 to 12-31-11
President of the Town Council	Clyde South	01-01-11 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the Town of Knightstown (Town), for the period of January 1, 2011 to December 31, 2012. The financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Except as stated in the fifth paragraph, 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012.

The Town did not account for the Town Court within their financial statement or accounting records. The Court did not provide the following financial records: receipts, bank reconciliements, and documentation of disbursements. As a result, we were not able to audit funds related to the Court.

In our opinion, except for the effects on the financial statement, of not accounting for the Town Court as discussed in the preceding paragraph, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the period of January 1, 2011 to December 31, 2012, on the basis of accounting described in Note 1.

INDEPENDENT ACCOUNTANT'S REPORT  
(Continued)

Our examination was conducted for the purpose of forming an opinion on the Town's financial statement. 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 statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The Town's response to the Examination Result and Comment identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the Town's response and, accordingly, we express no opinion on it.



Bruce Hartman  
State Examiner

August 29, 2013

## 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 KNIGHTSTOWN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2011 And 2012

Fund	Cash and Investments			Cash and Investments			Cash and Investments
	01-01-11	Receipts	Disbursements	12-31-11	Receipts	Disbursements	12-31-12
GENERAL FUND	\$ 104,794	\$ 731,204	\$ 743,123	\$ 92,875	\$ 564,875	\$ 558,445	\$ 99,305
MOTOR VEHICLE HIGHWAY	30,306	56,686	44,631	42,361	56,131	58,532	39,960
LOCAL ROAD & STREET	26,992	32,906	19,177	40,721	33,763	26,382	48,102
LOCAL LAW ENF CONT ED	51,816	11,783	4,017	59,582	2,390	1,184	60,788
PARK	39,161	45,628	34,221	50,568	39,683	61,514	28,737
RAINY DAY FUND	25,577	-	-	25,577	-	11,300	14,277
LEVY EXCESS FUND	-	-	-	-	6,928	6,928	-
K-TOWN/ WAYNE FIRE DEPT	22,529	140,144	114,326	48,347	100,200	115,978	32,569
CUM CAPITAL DEVELOPMENT	129,245	9,153	58,200	80,198	16,358	33,004	63,552
CUMULATIVE POLICE EQUIPME	1,019	655	1,639	35	9,565	-	9,600
CUM CAPITAL IMPROVEMENT	31,990	6,169	7,000	31,159	5,787	10,000	26,946
RIVER BOAT PROCEEDS	16,461	13,442	10,473	19,430	12,926	13,000	19,356
CEMETERY	43,863	82,712	93,091	33,484	89,408	89,499	33,393
LAW ENFORCEMENT AID FUND	6,122	611	1,605	5,128	8,928	4,408	9,648
POLICE RESERVE UNIT FUND	60	240	-	300	-	-	300
COURT DOCUMENT STORAGE	6,181	4,794	4,980	5,995	-	-	5,995
FIREFIGHTING FUND	(19,505)	14,400	-	(5,105)	5,105	-	-
COUNTY USER FEES- CLAIMS	18,583	-	2,760	15,823	-	612	15,211
COUNTY COURT COST	21,625	38,092	59,717	-	-	-	-
DEFERRAL- PRETRIAL FEES	5,226	12,564	17,790	-	-	-	-
PAYROLL	(34,553)	929,791	906,478	(11,240)	968,462	957,222	-
ENDOWMENT- CLAUDE DEEM	5,306	5	-	5,311	4	-	5,315
ELECTRIC UTILITY OPERATING	65,030	2,354,520	2,388,051	31,499	2,349,997	2,354,262	27,234
ELEC ENERGY ASSISTANCE	-	32,310	32,310	-	37,639	26,356	11,283
ELECTRIC UTILITY DEPRECIATION	408,747	141,480	202,143	348,084	116,339	126,091	338,332
ELECTRIC UTILITY METER DEPOSIT	38,871	13,500	13,691	38,680	15,120	13,020	40,780

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

TOWN OF KNIGHTSTOWN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Years Ended December 31, 2011 And 2012  
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
ELECTRIC CUSTOMER CASH CREDIT	960	61	958	63	-	63	-
ELECTRIC CASH RESERVE	468,926	22,656	-	491,582	10,351	-	501,933
ELECTRIC PETTY CASH	250	-	-	250	-	-	250
ELECTRIC PETTY CASH EXPEN	20	-	-	20	-	-	20
ELECTRIC REVENUE FUND	-	2,371,220	2,371,220	-	2,356,100	2,356,100	-
ELEC OP/ST LIGHTING GRANT	-	13,856	4,619	9,237	6	5,031	4,212
SEWAGE UTILITY OPERATING	13,993	285,669	275,070	24,592	360,430	336,840	48,182
SEWAGE UTILITY BOND & INTEREST	42,248	2,336,257	2,335,377	43,128	159,180	157,195	45,113
SEWAGE UTILITY DEPRECIATION	131,919	27,623	6,505	153,037	53,276	13,807	192,506
SEWAGE DEBT SERVICE RESERVE	235,465	287,693	418,758	104,400	-	-	104,400
SEWER PETTY CASH	15	-	-	15	-	-	15
SEWER REVENUE	-	459,963	459,963	-	535,708	535,708	-
SEWER CONSTRUCTION FUND	131,771	24	62,025	69,770	-	13,650	56,120
SEWER LEASE/ RENT	-	-	-	-	13,650	13,650	-
WATER UTILITY OPERATING	20,999	267,207	265,333	22,873	506,822	504,954	24,741
WATER UTILITY BOND & INTEREST	15,539	45,345	58,774	2,110	74,401	59,070	17,441
WATER UTILITY DEPRECIATION	72,595	41,977	19,784	94,788	24,408	22,883	96,313
WATER UTILITY METER DEPOSIT	8,640	2,971	2,520	9,091	3,300	2,910	9,481
WATER SINKING FUND	32,548	-	-	32,548	-	32,548	-
WATER DEBT SERVICE RESERVE	61,495	-	-	61,495	-	19,700	41,795
WATER PETTY CASH EXPENSE	15	-	-	15	-	-	15
WATER REVENUE FUND	-	349,407	349,407	-	347,523	347,523	-
WATER PETTY CASH	50	-	-	50	-	-	50
Totals	<u>\$ 2,282,894</u>	<u>\$ 11,184,718</u>	<u>\$ 11,389,736</u>	<u>\$ 2,077,876</u>	<u>\$ 8,884,763</u>	<u>\$ 8,889,369</u>	<u>\$ 2,073,270</u>

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

TOWN OF KNIGHTSTOWN  
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), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

*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 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.

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.

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,

TOWN OF KNIGHTSTOWN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 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.

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.

TOWN OF KNIGHTSTOWN  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

**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 KNIGHTSTOWN  
NOTES TO FINANCIAL STATEMENT  
(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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

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## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 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 statement 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 KNIGHTSTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	LOCAL LAW ENF CONT ED	PARK	RAINY DAY FUND	LEVY EXCESS FUND	K-TOWN/ WAYNE FIRE DEPT
Cash and investments - beginning	\$ 104,794	\$ 30,306	\$ 26,992	\$ 51,816	\$ 39,161	\$ 25,577	\$ -	\$ 22,529
Receipts:								
Taxes	347,302	-	22,729	-	30,803	-	-	-
Licenses and permits	935	-	-	960	-	-	-	-
Intergovernmental	144,088	56,653	10,177	-	3,469	-	-	-
Charges for services	40,570	-	-	-	10,935	-	-	140,144
Fines and forfeits	76,080	-	-	10,823	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	122,229	33	-	-	421	-	-	-
Total receipts	731,204	56,686	32,906	11,783	45,628	-	-	140,144
Disbursements:								
Personal services	526,965	29,118	-	-	5,314	-	-	15,000
Supplies	43,462	7,250	-	-	13	-	-	617
Other services and charges	70,981	8,263	19,177	4,017	25,534	-	-	98,709
Capital outlay	-	-	-	-	3,360	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	101,715	-	-	-	-	-	-	-
Total disbursements	743,123	44,631	19,177	4,017	34,221	-	-	114,326
Excess (deficiency) of receipts over disbursements	(11,919)	12,055	13,729	7,766	11,407	-	-	25,818
Cash and investments - ending	\$ 92,875	\$ 42,361	\$ 40,721	\$ 59,582	\$ 50,568	\$ 25,577	\$ -	\$ 48,347

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

	CUM CAPITAL DEVELOPMENT	CUMULATIVE POLICE EQUIPME	CUM CAPITAL IMPROVEMENT	RIVER BOAT PROCEEDS	CEMETERY	LAW ENFORCEMENT AID FUND	POLICE RESERVE UNIT FUND	COURT DOCUMENT STORAGE
Cash and investments - beginning	\$ 129,245	\$ 1,019	\$ 31,990	\$ 16,461	\$ 43,863	\$ 6,122	\$ 60	\$ 6,181
Receipts:								
Taxes	8,752	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	401	-	6,169	13,442	-	-	-	-
Charges for services	-	-	-	-	82,373	-	-	-
Fines and forfeits	-	205	-	-	-	-	-	4,794
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	450	-	-	339	611	240	-
Total receipts	<u>9,153</u>	<u>655</u>	<u>6,169</u>	<u>13,442</u>	<u>82,712</u>	<u>611</u>	<u>240</u>	<u>4,794</u>
Disbursements:								
Personal services	-	-	-	-	73,493	-	-	-
Supplies	-	-	-	-	4,597	-	-	-
Other services and charges	58,200	-	7,000	-	15,001	1,605	-	4,980
Capital outlay	-	1,639	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	10,473	-	-	-	-
Total disbursements	<u>58,200</u>	<u>1,639</u>	<u>7,000</u>	<u>10,473</u>	<u>93,091</u>	<u>1,605</u>	<u>-</u>	<u>4,980</u>
Excess (deficiency) of receipts over disbursements	<u>(49,047)</u>	<u>(984)</u>	<u>(831)</u>	<u>2,969</u>	<u>(10,379)</u>	<u>(994)</u>	<u>240</u>	<u>(186)</u>
Cash and investments - ending	<u>\$ 80,198</u>	<u>\$ 35</u>	<u>\$ 31,159</u>	<u>\$ 19,430</u>	<u>\$ 33,484</u>	<u>\$ 5,128</u>	<u>\$ 300</u>	<u>\$ 5,995</u>

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

	FIREFIGHTING FUND	COUNTY USER FEES- CLAIMS	COUNTY COURT COST	DEFERRAL- PRETRIAL FEES	PAYROLL	ENDOWMENT- CLAUDE DEEM
Cash and investments - beginning	\$ (19,505)	\$ 18,583	\$ 21,625	\$ 5,226	\$ (34,553)	\$ 5,306
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	14,400	-	-	-	-	-
Fines and forfeits	-	-	38,092	12,564	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	929,791	5
Total receipts	<u>14,400</u>	<u>-</u>	<u>38,092</u>	<u>12,564</u>	<u>929,791</u>	<u>5</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	2,760	59,717	17,790	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	906,478	-
Total disbursements	<u>-</u>	<u>2,760</u>	<u>59,717</u>	<u>17,790</u>	<u>906,478</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>14,400</u>	<u>(2,760)</u>	<u>(21,625)</u>	<u>(5,226)</u>	<u>23,313</u>	<u>5</u>
Cash and investments - ending	<u>\$ (5,105)</u>	<u>\$ 15,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,240)</u>	<u>\$ 5,311</u>

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

	ELECTRIC UTILITY OPERATING	ELEC ENERGY ASSISTANCE	ELECTRIC UTILITY DEPRECIATION	ELECTRIC UTILITY METER DEPOSIT	ELECTRIC CUSTOMER CASH CREDIT	ELECTRIC CASH RESERVE	ELECTRIC PETTY CASH
Cash and investments - beginning	\$ 65,030	\$ -	\$ 408,747	\$ 38,871	\$ 960	\$ 468,926	\$ 250
Receipts:							
Taxes	21,572	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	2,239,470	-	141,445	-	-	22,542	-
Other receipts	93,478	32,310	35	13,500	61	114	-
Total receipts	<u>2,354,520</u>	<u>32,310</u>	<u>141,480</u>	<u>13,500</u>	<u>61</u>	<u>22,656</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	2,388,051	32,310	202,143	13,691	958	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>2,388,051</u>	<u>32,310</u>	<u>202,143</u>	<u>13,691</u>	<u>958</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(33,531)</u>	<u>-</u>	<u>(60,663)</u>	<u>(191)</u>	<u>(897)</u>	<u>22,656</u>	<u>-</u>
Cash and investments - ending	<u>\$ 31,499</u>	<u>\$ -</u>	<u>\$ 348,084</u>	<u>\$ 38,680</u>	<u>\$ 63</u>	<u>\$ 491,582</u>	<u>\$ 250</u>

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

	ELECTRIC PETTY CASH EXPEN	ELECTRIC REVENUE FUND	ELEC OP/ST LIGHTING GRANT	SEWAGE UTILITY OPERATING	SEWAGE UTILITY BOND & INTEREST	SEWAGE UTILITY DEPRECIATION	SEWAGE DEBT SERVICE RESERVE
Cash and investments - beginning	\$ 20	\$ -	\$ -	\$ 13,993	\$ 42,248	\$ 131,919	\$ 235,465
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	2,371,220	13,856	282,272	2,336,257	27,603	287,665
Other receipts	-	-	-	3,397	-	20	28
Total receipts	-	2,371,220	13,856	285,669	2,336,257	27,623	287,693
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	2,371,220	4,619	275,070	2,335,377	6,505	418,758
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	2,371,220	4,619	275,070	2,335,377	6,505	418,758
Excess (deficiency) of receipts over disbursements	-	-	9,237	10,599	880	21,118	(131,065)
Cash and investments - ending	\$ 20	\$ -	\$ 9,237	\$ 24,592	\$ 43,128	\$ 153,037	\$ 104,400

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

	SEWER PETTY CASH	SEWER REVENUE	SEWER CONSTRUCTION FUND	SEWER LEASE/ RENT	WATER UTILITY OPERATING	WATER UTILITY BOND & INTEREST	WATER UTILITY DEPRECIATION
Cash and investments - beginning	\$ 15	\$ -	\$ 131,771	\$ -	\$ 20,999	\$ 15,539	\$ 72,595
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	459,963	-	-	265,223	45,345	41,977
Other receipts	-	-	24	-	1,984	-	-
Total receipts	<u>-</u>	<u>459,963</u>	<u>24</u>	<u>-</u>	<u>267,207</u>	<u>45,345</u>	<u>41,977</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	459,963	62,025	-	265,333	58,774	19,784
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>459,963</u>	<u>62,025</u>	<u>-</u>	<u>265,333</u>	<u>58,774</u>	<u>19,784</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(62,001)</u>	<u>-</u>	<u>1,874</u>	<u>(13,429)</u>	<u>22,193</u>
Cash and investments - ending	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 69,770</u>	<u>\$ -</u>	<u>\$ 22,873</u>	<u>\$ 2,110</u>	<u>\$ 94,788</u>

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

	WATER UTILITY METER DEPOSIT	WATER SINKING FUND	WATER DEBT SERVICE RESERVE	WATER PETTY CASH EXPENSE	WATER REVENUE FUND	WATER PETTY CASH	TOTALS
Cash and investments - beginning	\$ 8,640	\$ 32,548	\$ 61,495	\$ 15	\$ -	\$ 50	\$ 2,282,894
Receipts:							
Taxes	-	-	-	-	-	-	431,158
Licenses and permits	-	-	-	-	-	-	1,895
Intergovernmental	-	-	-	-	-	-	234,399
Charges for services	-	-	-	-	-	-	288,422
Fines and forfeits	-	-	-	-	-	-	142,558
Utility fees	2,971	-	-	-	349,407	-	8,887,216
Other receipts	-	-	-	-	-	-	1,199,070
Total receipts	<u>2,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,407</u>	<u>-</u>	<u>11,184,718</u>
Disbursements:							
Personal services	-	-	-	-	-	-	649,890
Supplies	-	-	-	-	-	-	55,939
Other services and charges	-	-	-	-	-	-	393,734
Capital outlay	-	-	-	-	-	-	4,999
Utility operating expenses	2,520	-	-	-	349,407	-	9,266,508
Other disbursements	-	-	-	-	-	-	1,018,666
Total disbursements	<u>2,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,407</u>	<u>-</u>	<u>11,389,736</u>
Excess (deficiency) of receipts over disbursements	<u>451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(205,018)</u>
Cash and investments - ending	<u>\$ 9,091</u>	<u>\$ 32,548</u>	<u>\$ 61,495</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 2,077,876</u>

TOWN OF KNIGHTSTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	LOCAL LAW ENF CONT ED	PARK	RAINY DAY FUND	LEVY EXCESS FUND	K-TOWN/ WAYNE FIRE DEPT
Cash and investments - beginning	\$ 92,875	\$ 42,361	\$ 40,721	\$ 59,582	\$ 50,568	\$ 25,577	\$ -	\$ 48,347
Receipts:								
Taxes	334,130	-	22,981	-	28,974	-	-	-
Licenses and permits	3,000	-	-	1,805	-	-	-	-
Intergovernmental	140,845	56,131	10,782	-	2,072	-	-	-
Charges for services	55,031	-	-	-	8,637	-	-	100,200
Fines and forfeits	-	-	-	585	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	31,869	-	-	-	-	-	6,928	-
Total receipts	564,875	56,131	33,763	2,390	39,683	-	6,928	100,200
Disbursements:								
Personal services	448,419	47,588	-	-	8,280	-	-	15,000
Supplies	36,598	3,794	-	-	418	-	-	4,323
Other services and charges	73,428	7,150	26,382	1,184	27,816	11,300	-	73,260
Capital outlay	-	-	-	-	25,000	-	-	23,395
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	6,928	-
Total disbursements	558,445	58,532	26,382	1,184	61,514	11,300	6,928	115,978
Excess (deficiency) of receipts over disbursements	6,430	(2,401)	7,381	1,206	(21,831)	(11,300)	-	(15,778)
Cash and investments - ending	\$ 99,305	\$ 39,960	\$ 48,102	\$ 60,788	\$ 28,737	\$ 14,277	\$ -	\$ 32,569

TOWN OF KNIGHTSTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CUM CAPITAL DEVELOPMENT	CUMULATIVE POLICE EQUIPME	CUM CAPITAL IMPROVEMENT	RIVER BOAT PROCEEDS	CEMETERY	LAW ENFORCEMENT AID FUND	POLICE RESERVE UNIT FUND
Cash and investments - beginning	\$ 80,198	\$ 35	\$ 31,159	\$ 19,430	\$ 33,484	\$ 5,128	\$ 300
Receipts:							
Taxes	7,367	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	8,991	-	5,787	12,926	-	-	-
Charges for services	-	-	-	-	89,336	-	-
Fines and forfeits	-	280	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	9,285	-	-	72	8,928	-
Total receipts	<u>16,358</u>	<u>9,565</u>	<u>5,787</u>	<u>12,926</u>	<u>89,408</u>	<u>8,928</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	67,274	-	-
Supplies	-	-	-	-	5,902	-	-
Other services and charges	33,004	-	10,000	-	12,506	4,408	-
Capital outlay	-	-	-	-	3,817	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	13,000	-	-	-
Total disbursements	<u>33,004</u>	<u>-</u>	<u>10,000</u>	<u>13,000</u>	<u>89,499</u>	<u>4,408</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(16,646)</u>	<u>9,565</u>	<u>(4,213)</u>	<u>(74)</u>	<u>(91)</u>	<u>4,520</u>	<u>-</u>
Cash and investments - ending	<u>\$ 63,552</u>	<u>\$ 9,600</u>	<u>\$ 26,946</u>	<u>\$ 19,356</u>	<u>\$ 33,393</u>	<u>\$ 9,648</u>	<u>\$ 300</u>

TOWN OF KNIGHTSTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	COURT DOCUMENT STORAGE	FIREFIGHTING FUND	COUNTY USER FEES- CLAIMS	COUNTY COURT COST	DEFERRAL- PRETRIAL FEES	PAYROLL	ENDOWMENT- CLAUDE DEEM
Cash and investments - beginning	\$ 5,995	\$ (5,105)	\$ 15,823	\$ -	\$ -	\$ (11,240)	\$ 5,311
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	5,105	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	968,462	4
Total receipts	-	5,105	-	-	-	968,462	4
Disbursements:							
Personal services	-	-	-	-	-	11,613	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	612	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	945,609	-
Total disbursements	-	-	612	-	-	957,222	-
Excess (deficiency) of receipts over disbursements	-	5,105	(612)	-	-	11,240	4
Cash and investments - ending	\$ 5,995	\$ -	\$ 15,211	\$ -	\$ -	\$ -	\$ 5,315

TOWN OF KNIGHTSTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	ELECTRIC UTILITY OPERATING	ELEC ENERGY ASSISTANCE	ELECTRIC UTILITY DEPRECIATION	ELECTRIC UTILITY METER DEPOSIT	ELECTRIC CUSTOMER CASH CREDIT	ELECTRIC CASH RESERVE	ELECTRIC PETTY CASH
Cash and investments - beginning	\$ 31,499	\$ -	\$ 348,084	\$ 38,680	\$ 63	\$ 491,582	\$ 250
Receipts:							
Taxes	18,881	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	2,232,599	-	116,003	-	-	9,256	-
Other receipts	<u>98,517</u>	<u>37,639</u>	<u>336</u>	<u>15,120</u>	<u>-</u>	<u>1,095</u>	<u>-</u>
Total receipts	<u>2,349,997</u>	<u>37,639</u>	<u>116,339</u>	<u>15,120</u>	<u>-</u>	<u>10,351</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	2,354,262	26,356	51,091	13,020	63	-	-
Other disbursements	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>2,354,262</u>	<u>26,356</u>	<u>126,091</u>	<u>13,020</u>	<u>63</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(4,265)</u>	<u>11,283</u>	<u>(9,752)</u>	<u>2,100</u>	<u>(63)</u>	<u>10,351</u>	<u>-</u>
Cash and investments - ending	<u>\$ 27,234</u>	<u>\$ 11,283</u>	<u>\$ 338,332</u>	<u>\$ 40,780</u>	<u>\$ -</u>	<u>\$ 501,933</u>	<u>\$ 250</u>

TOWN OF KNIGHTSTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	ELECTRIC PETTY CASH EXPEN	ELECTRIC REVENUE FUND	ELEC OP/ST LIGHTING GRANT	SEWAGE UTILITY OPERATING	SEWAGE UTILITY BOND & INTEREST	SEWAGE UTILITY DEPRECIATION	SEWAGE DEBT SERVICE RESERVE
Cash and investments - beginning	\$ 20	\$ -	\$ 9,237	\$ 24,592	\$ 43,128	\$ 153,037	\$ 104,400
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	2,356,100	-	350,261	132,180	53,276	-
Other receipts	-	-	6	10,169	27,000	-	-
Total receipts	-	2,356,100	6	360,430	159,180	53,276	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	5,031	-	-	-	-
Utility operating expenses	-	2,356,100	-	336,840	-	13,807	-
Other disbursements	-	-	-	-	157,195	-	-
Total disbursements	-	2,356,100	5,031	336,840	157,195	13,807	-
Excess (deficiency) of receipts over disbursements	-	-	(5,025)	23,590	1,985	39,469	-
Cash and investments - ending	\$ 20	\$ -	\$ 4,212	\$ 48,182	\$ 45,113	\$ 192,506	\$ 104,400

TOWN OF KNIGHTSTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	SEWER PETTY CASH	SEWER REVENUE	SEWER CONSTRUCTION FUND	SEWER LEASE/ RENT	WATER UTILITY OPERATING	WATER UTILITY BOND & INTEREST	WATER UTILITY DEPRECIATION
Cash and investments - beginning	\$ 15	\$ -	\$ 69,770	\$ -	\$ 22,873	\$ 2,110	\$ 94,788
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	535,708	-	-	304,147	22,153	24,408
Other receipts	-	-	-	13,650	202,675	52,248	-
Total receipts	<u>-</u>	<u>535,708</u>	<u>-</u>	<u>13,650</u>	<u>506,822</u>	<u>74,401</u>	<u>24,408</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	13,650	-	-	-
Utility operating expenses	-	535,708	-	-	504,954	-	22,883
Other disbursements	-	-	13,650	-	-	59,070	-
Total disbursements	<u>-</u>	<u>535,708</u>	<u>13,650</u>	<u>13,650</u>	<u>504,954</u>	<u>59,070</u>	<u>22,883</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(13,650)</u>	<u>-</u>	<u>1,868</u>	<u>15,331</u>	<u>1,525</u>
Cash and investments - ending	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 56,120</u>	<u>\$ -</u>	<u>\$ 24,741</u>	<u>\$ 17,441</u>	<u>\$ 96,313</u>

TOWN OF KNIGHTSTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	WATER UTILITY METER DEPOSIT	WATER SINKING FUND	WATER DEBT SERVICE RESERVE	WATER PETTY CASH EXPENSE	WATER REVENUE FUND	WATER PETTY CASH	TOTALS
Cash and investments - beginning	\$ 9,091	\$ 32,548	\$ 61,495	\$ 15	\$ -	\$ 50	\$ 2,077,876
Receipts:							
Taxes	-	-	-	-	-	-	412,333
Licenses and permits	-	-	-	-	-	-	4,805
Intergovernmental	-	-	-	-	-	-	237,534
Charges for services	-	-	-	-	-	-	258,309
Fines and forfeits	-	-	-	-	-	-	865
Utility fees	-	-	-	-	347,523	-	6,483,614
Other receipts	3,300	-	-	-	-	-	1,487,303
	<u>3,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,523</u>	<u>-</u>	<u>8,884,763</u>
Total receipts	3,300	-	-	-	347,523	-	8,884,763
Disbursements:							
Personal services	-	-	-	-	-	-	598,174
Supplies	-	-	-	-	-	-	51,035
Other services and charges	-	-	-	-	-	-	281,050
Capital outlay	-	-	-	-	-	-	70,893
Utility operating expenses	2,910	-	-	-	347,523	-	6,565,517
Other disbursements	-	32,548	19,700	-	-	-	1,322,700
	<u>2,910</u>	<u>32,548</u>	<u>19,700</u>	<u>-</u>	<u>347,523</u>	<u>-</u>	<u>8,889,369</u>
Total disbursements	2,910	32,548	19,700	-	347,523	-	8,889,369
Excess (deficiency) of receipts over disbursements	390	(32,548)	(19,700)	-	-	-	(4,606)
Cash and investments - ending	<u>\$ 9,481</u>	<u>\$ -</u>	<u>\$ 41,795</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 2,073,270</u>

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TOWN OF KNIGHTSTOWN  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Electric	\$ 365,547	\$ 241,073
Wastewater	61,012	49,976
Water	51,005	39,165
Governmental activities	274,326	-
Totals	\$ 751,890	\$ 330,214

TOWN OF KNIGHTSTOWN  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: BOBCAT OF ANDERSON	LEASE BOBCAT PLANER	\$ 3,058	04-04-12	04-04-17
Wastewater: BLUE RIVER TECHNOLOGIES	DE-WATERING TOWER SLUDGE REMOVAL	3,450	07-01-12	06-01-17
Total of annual lease payments		<u>\$ 6,508</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater: Revenue bonds	Refinanced Revenue Bond of 1996 Series A	\$ 912,000	\$ 131,321
Water: Revenue bonds	Knightstown Municipal Water	57,000	59,236
Totals		<u>\$ 969,000</u>	<u>\$ 190,557</u>

TOWN OF KNIGHTSTOWN  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

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:	
Land	\$ 150,000
Infrastructure	55,000
Buildings	240,000
Machinery, equipment, and vehicles	1,414,676
Total governmental activities	1,859,676
Electric:	
Land	65,716
Infrastructure	809,876
Buildings	97,164
Improvements other than buildings	6,626
Machinery, equipment, and vehicles	506,024
Construction in progress	26,593
Total Electric	1,511,999
Wastewater:	
Land	50,000
Infrastructure	4,513,113
Buildings	235,000
Improvements other than buildings	694
Machinery, equipment, and vehicles	2,306,914
Total Wastewater	7,105,721
Water:	
Land	10,000
Infrastructure	4,060,761
Buildings	203,221
Machinery, equipment, and vehicles	459,089
Total Water	4,733,071
Total capital assets	\$ 15,210,467

TOWN OF KNIGHTSTOWN  
EXAMINATION RESULT AND COMMENT

***CONDITION OF RECORDS***

Financial records presented for audit were incomplete and not reflective of the activity of the Town Court which ceased to operate and was abolished effective December 31, 2011. The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions. The only records that were provided indicated that \$8,179.50 of receipts were not recorded. No information was provided as to disbursements or balances. No bank reconcilements were provided.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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."

TOWN OF KNIGHTSTOWN  
HENRY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2013, with Bart Whitesitt, Clerk-Treasurer, Judith Haines, former Clerk-Treasurer; Linda Glenn, Deputy Clerk, Lisa Hall, former Court Clerk; and Clyde South, President of the Town Council. The Official Response has been made a part of this report and may be found on pages 34 and 35.

TOWN OF KNIGHTSTOWN  
26 SOUTH WASHINGTON STREET  
KNIGHTSTOWN, INDIANA 46148

September 4, 2013

Indiana State Board of Accounts  
Field Examiner  
New Castle, Indiana 47362

Attention: Bill Vinson

Response to Audit Results:

**Knightstown Court:** The Knightstown Court was abolished by Ind. Code: 33-35-1-1.

After the decision was made to close the Knightstown Court the Judge and Court Clerk followed the procedures laid out in Chapter 40 of the State Court Administration Manual, which is entitled: Protocol for Transfer of Records. When a Court is abolished they followed the protocol cited: "When a city or town court is abolished, the standard policy of both the State Board of Accounts and the Division of State Court Administration is that the records of that court are to be transferred to the Clerk of the Circuit Court of the county in which the city or town court was located".

Therefore, the receipts, bank reconciliations, and reports for 2010 and 2011 were taken to Henry County Justice Center (Clerk's Office) by the County Sheriff when the court was closed. Also, the computer tower was taken with everything else as well for documentation. When the Indiana State Board of Accounts conducted the audit this year for Knightstown's finances, for years 2010 and 2011, the Court records were in New Castle.

The former Judge and Court Clerk went to New Castle and printed the information that was available; the number of tickets, dollar amounts for each entity and other information from Keystone Systems for 2011. The information was provided to the State Auditor, along with the bank statements of the Town Court for fiscal year 2011 from Citizens Bank. But, that was not enough as final receipts and reports were all in the Henry County Clerk's Office. The auditor also needed that information, which Knightstown no longer had.

We feel that the Town of Knightstown should not receive a written comment which could adversely affect the Town's finances in the future or in the public viewpoint and could be perceived that the Town did not follow protocol or maintain adequate financial records as to the Town Court.

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RESPONSE TO FEDERAL ACCOUNTING GUIDELINES:

During the years 2010 and 2011, Knightstown followed accounting guidelines within our software capabilities. Knightstown had not or has not been informed at any time of the change in accounting procedures and that new Federal Accounting guidelines had been authorized.

The audit comments that reflect not using established guidelines was noted and will be addressed in the future; however, this will also be a problem in 2012 and for most of 2013 or until such time that our software can be updated.

Sincerely,

Bart Whitesitt  
Clerk Treasurer  
Town of Knightstown