

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

TOWN OF WARREN

HUNTINGTON COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
12/01/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marilyn J. Morrison	01-01-08 to 12-31-11
President of the Town Council	William C. Cartwright Julia Glessner	01-01-10 to 04-12-11 04-13-11 to 12-31-11
Superintendent of Utilities	Curtis L. Day	01-01-10 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial statement of the Town of Warren (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 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 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 27, 2011

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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 WARREN
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	\$ 457,985	\$ 343,181	\$ 351,852	\$ 449,314
Fire Department Donation	6,793	-	-	6,793
Motor Vehicle Highway	688,439	152,861	239,101	602,199
Local Road and Street	80,655	6,542	-	87,197
Arts Festival Donation	1,409	-	1,409	-
Law Enforcement Continuing Education	3,571	466	728	3,309
Rainy Day	43,898	9,771	-	53,669
Levy Excess	-	970	-	970
LOIT - Public Safety	-	21,042	-	21,042
Tax Incremental Financing	288,428	80,862	170,000	199,290
Cumulative Capital Development	166,955	11,088	-	178,043
Cumulative Fire	56,843	7,485	-	64,328
Cumulative Capital Improvement	16,147	3,724	-	19,871
Economic Development Income Tax	117,429	68,566	57,444	128,551
Payroll	7,676	544,159	543,823	8,012
Clearing	-	1,281,832	1,295,938	(14,106)
Electric Utility - Operating	702,306	2,117,489	1,701,702	1,118,093
Electric Utility - Depreciation	104,251	18,000	-	122,251
Electric Utility - Meter Deposit	41,614	5,175	3,865	42,924
Electric Utility - Reserve	478,683	32,500	-	511,183
Electric Utility - Rate Stabilization	60,000	21,000	-	81,000
Sanitation	5,159	38,481	41,416	2,224
Wastewater Utility - Operating	158,602	315,868	311,790	162,680
Wastewater Utility - Bond and Interest	209,335	158,401	258,628	109,108
Wastewater Utility - Depreciation	3,580	221,025	150,000	74,605
Wastewater Utility - Customer Deposit	14,165	5,115	2,980	16,300
Wastewater Utility - Revenue	28,347	365,633	394,283	(303)
Wastewater Utility - Debt Service Reserve 2002	76,080	42,000	-	118,080
Water Utility - Operating	67,949	209,151	261,667	15,433
Water Utility - Bond and Interest	17,273	24,400	21,395	20,278
Water Utility - Depreciation	110,933	60,260	-	171,193
Water Utility - Cash Reserve	100,000	-	-	100,000
Water Utility - Customer Deposit	26,850	4,550	3,450	27,950
Water Utility - Debt Service Reserve	26,625	-	-	26,625
Water Utility - Building Corporation	9,171	19,172	23,050	5,293
Totals	\$ 4,177,151	\$ 6,190,769	\$ 5,834,521	\$ 4,533,399

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

TOWN OF WARREN
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, electric 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 nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF WARREN
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 WARREN
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 WARREN
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 statement. 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.

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

	General	Fire Department Donation	Motor Vehicle Highway	Local Road and Street	Arts Festival Donation	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 457,985	\$ 6,793	\$ 688,439	\$ 80,655	\$ 1,409	\$ 3,571
Receipts:						
Taxes	130,542	-	100,809	-	-	-
Licenses and permits	5	-	-	-	-	310
Intergovernmental	118,570	-	17,769	6,542	-	-
Charges for services	2,973	-	900	-	-	90
Fines and forfeits	75	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	91,016	-	33,383	-	-	66
Total receipts	<u>343,181</u>	<u>-</u>	<u>152,861</u>	<u>6,542</u>	<u>-</u>	<u>466</u>
Disbursements:						
Personal services	158,897	-	29,115	-	-	-
Supplies	60,591	-	16,040	-	-	-
Other services and charges	102,007	-	9,403	-	-	728
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	12,595	-	184,543	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	17,762	-	-	-	1,409	-
Total disbursements	<u>351,852</u>	<u>-</u>	<u>239,101</u>	<u>-</u>	<u>1,409</u>	<u>728</u>
Excess (deficiency) of receipts over disbursements	<u>(8,671)</u>	<u>-</u>	<u>(86,240)</u>	<u>6,542</u>	<u>(1,409)</u>	<u>(262)</u>
Cash and investments - ending	<u>\$ 449,314</u>	<u>\$ 6,793</u>	<u>\$ 602,199</u>	<u>\$ 87,197</u>	<u>\$ -</u>	<u>\$ 3,309</u>

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

	Rainy Day	Levy Excess	LOIT - Public Safety	Tax Incremental Financing	Cumulative Capital Development	Cumulative Fire
Cash and investments - beginning	\$ 43,898	\$ -	\$ -	\$ 288,428	\$ 166,955	\$ 56,843
Receipts:						
Taxes	-	970	-	-	9,469	6,321
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	21,042	-	1,619	1,164
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	9,771	-	-	80,862	-	-
Total receipts	<u>9,771</u>	<u>970</u>	<u>21,042</u>	<u>80,862</u>	<u>11,088</u>	<u>7,485</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	170,000	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>9,771</u>	<u>970</u>	<u>21,042</u>	<u>(89,138)</u>	<u>11,088</u>	<u>7,485</u>
Cash and investments - ending	<u>\$ 53,669</u>	<u>\$ 970</u>	<u>\$ 21,042</u>	<u>\$ 199,290</u>	<u>\$ 178,043</u>	<u>\$ 64,328</u>

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

	Cumulative Capital Improvement	Economic Development Income Tax	Payroll	Clearing	Electric Utility - Operating	Electric Utility - Depreciation
Cash and investments - beginning	\$ 16,147	\$ 117,429	\$ 7,676	\$ -	\$ 702,306	\$ 104,251
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	3,724	68,566	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,946,923	-
Penalties	-	-	-	-	3,466	-
Other receipts	-	-	544,159	1,281,832	167,100	18,000
Total receipts	<u>3,724</u>	<u>68,566</u>	<u>544,159</u>	<u>1,281,832</u>	<u>2,117,489</u>	<u>18,000</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	42,000	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	15,444	-	-	-	-
Utility operating expenses	-	-	-	-	1,488,935	-
Other disbursements	-	-	543,823	1,295,938	212,767	-
Total disbursements	<u>-</u>	<u>57,444</u>	<u>543,823</u>	<u>1,295,938</u>	<u>1,701,702</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,724</u>	<u>11,122</u>	<u>336</u>	<u>(14,106)</u>	<u>415,787</u>	<u>18,000</u>
Cash and investments - ending	<u>\$ 19,871</u>	<u>\$ 128,551</u>	<u>\$ 8,012</u>	<u>\$ (14,106)</u>	<u>\$ 1,118,093</u>	<u>\$ 122,251</u>

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

	Electric Utility - Meter Deposit	Electric Utility - Reserve	Electric Utility - Rate Stabilization	Sanitation	Wastewater Utility - Operating	Wastewater Utility - Bond and Interest
Cash and investments - beginning	\$ 41,614	\$ 478,683	\$ 60,000	\$ 5,159	\$ 158,602	\$ 209,335
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	37,329	184	-
Penalties	-	-	-	922	-	-
Other receipts	5,175	32,500	21,000	230	315,684	158,401
Total receipts	<u>5,175</u>	<u>32,500</u>	<u>21,000</u>	<u>38,481</u>	<u>315,868</u>	<u>158,401</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	221,428
Capital outlay	-	-	-	-	-	-
Utility operating expenses	3,865	-	-	38,940	289,063	-
Other disbursements	-	-	-	2,476	22,727	37,200
Total disbursements	<u>3,865</u>	<u>-</u>	<u>-</u>	<u>41,416</u>	<u>311,790</u>	<u>258,628</u>
Excess (deficiency) of receipts over disbursements	<u>1,310</u>	<u>32,500</u>	<u>21,000</u>	<u>(2,935)</u>	<u>4,078</u>	<u>(100,227)</u>
Cash and investments - ending	<u>\$ 42,924</u>	<u>\$ 511,183</u>	<u>\$ 81,000</u>	<u>\$ 2,224</u>	<u>\$ 162,680</u>	<u>\$ 109,108</u>

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

	Wastewater Utility - Depreciation	Wastewater Utility - Customer Deposit	Wastewater Utility - Revenue	Wastewater Utility - Debt Service Reserve 2002	Water Utility - Operating	Water Utility - Bond and Interest
Cash and investments - beginning	\$ 3,580	\$ 14,165	\$ 28,347	\$ 76,080	\$ 67,949	\$ 17,273
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	359,482	-	190,334	-
Penalties	-	-	6,151	-	1,111	-
Other receipts	221,025	5,115	-	42,000	17,706	24,400
Total receipts	<u>221,025</u>	<u>5,115</u>	<u>365,633</u>	<u>42,000</u>	<u>209,151</u>	<u>24,400</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	21,395
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	2,980	-	-	143,786	-
Other disbursements	150,000	-	394,283	-	117,881	-
Total disbursements	<u>150,000</u>	<u>2,980</u>	<u>394,283</u>	<u>-</u>	<u>261,667</u>	<u>21,395</u>
Excess (deficiency) of receipts over disbursements	<u>71,025</u>	<u>2,135</u>	<u>(28,650)</u>	<u>42,000</u>	<u>(52,516)</u>	<u>3,005</u>
Cash and investments - ending	<u>\$ 74,605</u>	<u>\$ 16,300</u>	<u>\$ (303)</u>	<u>\$ 118,080</u>	<u>\$ 15,433</u>	<u>\$ 20,278</u>

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

	Water Utility - Depreciation	Water Utility - Cash Reserve	Water Utility - Customer Deposit	Water Utility - Debt Service Reserve	Water Utility - Building Corporation	Totals
Cash and investments - beginning	\$ 110,933	\$ 100,000	\$ 26,850	\$ 26,625	\$ 9,171	\$ 4,177,151
Receipts:						
Taxes	-	-	-	-	-	248,111
Licenses and permits	-	-	-	-	-	315
Intergovernmental	-	-	-	-	-	238,996
Charges for services	-	-	-	-	-	3,963
Fines and forfeits	-	-	-	-	-	75
Utility fees	-	-	-	-	-	2,534,252
Penalties	-	-	-	-	-	11,650
Other receipts	60,260	-	4,550	-	19,172	3,153,407
Total receipts	60,260	-	4,550	-	19,172	6,190,769
Disbursements:						
Personal services	-	-	-	-	-	188,012
Supplies	-	-	-	-	-	76,631
Other services and charges	-	-	-	-	-	154,138
Debt service - principal and interest	-	-	-	-	-	242,823
Capital outlay	-	-	-	-	-	212,582
Utility operating expenses	-	-	3,450	-	23,050	1,994,069
Other disbursements	-	-	-	-	-	2,966,266
Total disbursements	-	-	3,450	-	23,050	5,834,521
Excess (deficiency) of receipts over disbursements	60,260	-	1,100	-	(3,878)	356,248
Cash and investments - ending	\$ 171,193	\$ 100,000	\$ 27,950	\$ 26,625	\$ 5,293	\$ 4,533,399

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

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
Warren Building Corporation	\$ 148,007	\$ 42,000	Economic Development Income Tax
Warren Building Corporation	71,264	18,500	Water Utility
Revenue bonds:			
1994 Waterworks	85,000	25,465	Water Utility
2002 Sewage works	<u>2,495,000</u>	<u>147,870</u>	Wastewater Utility
Total debt	<u>\$ 2,799,271</u>	<u>\$ 233,835</u>	

TOWN OF WARREN
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were incomplete and incorrect. Some amounts used in the reconcilements could not be verified to supporting documentation. A similar comment appeared in prior Report B38217.

Indiana Code 5-13-6-1(e) states:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

Capital asset records were not maintained for the Town or Utilities. A similar comment appeared in prior Report B38217.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT ACCOUNTS RECEIVABLE

The Water and Electric Utilities did not always shut off delinquent customers as required by Town ordinance. This has resulted in the loss of revenue due to customers, in some cases, abandoning their property and failing to pay.

The Warren Code of Ordinances, Section 52.52 (A), established the shutoff policy for delinquent customers and states in part: "If not paid within 15 days of the due date, the water shall be turned off and not turned on again until all bills and penalties have been paid."

With regard to Electric service, the Warren Code of Ordinances, Section 51.14 states: "The town reserves the right to discontinue its current service without notice in case the consumer is in arrears in the payment of the town bills, or fails to comply with the rules or regulations herein provided."

A similar comment appeared in prior Report B38217.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF WARREN
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 B38217.

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. . . ."

OFFICIAL BOND

The Clerk-Treasurer's official bond was not filed in the Office of the County Recorder and was not payable to the State of Indiana. A similar comment appeared in prior audit report B38217.

Indiana Code 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

Indiana Code 5-4-1-10 states:

"All official bonds shall be payable to the state of Indiana; and every such bond shall be obligatory to such state, upon the principal and sureties, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by any breach of the condition thereof."

TOWN OF WARREN
EXAMINATION RESULTS AND COMMENTS
(Continued)

PERSONAL EXPENSES

During 2010, the Town spent \$547 on Christmas gift hams for Town employees. Of this amount, \$109 was paid from the Town's promotional account. The remaining amount of \$338 was paid from funds not authorized for promotional use.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses 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)

DEPOSITS

During the examination it was noted that thirty-two percent of the receipts tested were not deposited on a timely basis. In one instance, a receipt was deposited fifty-five days late.

Indiana Code 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories: (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

PUBLIC RECORDS RETENTION - CLAIM DOCKETS

Town Council's approval of claims (Accounts Payable Voucher Register) was not presented for examination in 5 out of the 12 months.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part:

"Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPORTING DOCUMENTATION

Three out of the four credit card claims tested did not contain sufficient supporting documentation. Actual receipts or invoices for hotel, meal, and postage-paid envelopes were not available for examination.

TOWN OF WARREN
EXAMINATION RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation 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 WARREN
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2011, with Marilyn J. Morrison, Clerk-Treasurer, and Julia Glessner, President of the Town Council.