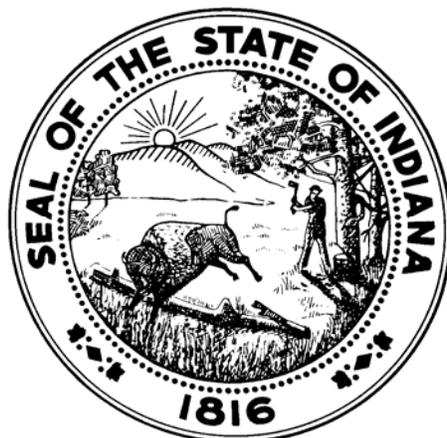


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
TOWN OF VEEDERSBURG
FOUNTAIN COUNTY, INDIANA
January 1, 2004 to December 31, 2005



FILED
7/19/06

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Accountant's Report	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4-5
Notes to Schedules	6-7
Examination Result and Comment: Investment Maturity Limitations	8
Exit Conference	9

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Laura Bennett	01-01-04 to 12-31-07
President of the Town Council	Carl Hoagland	01-01-04 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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 VEEDERSBURG, FOUNTAIN COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Veedersburg (Town), for the period of January 1, 2004 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2004 and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 12, 2006

TOWN OF VEEDERSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 172,394	\$ 176,968	\$ 234,708	\$ 114,654
Motor Vehicle Highway	65,392	152,572	100,864	117,100
Local Road and Street	2,678	10,316	9,122	3,872
Garbage Pick-Up	25,305	95,459	92,744	28,020
Energy Assistance	694	17,175	16,879	990
Law Enforcement Continuing Education	625	402	118	909
Redevelopment Commission	938,930	285,970	231,489	993,411
Swimming Pool	34,392	24,481	23,783	35,090
Swimming Pool Donations	193	-	-	193
Park Program	1,453	11,248	11,249	1,452
Police Grant	153	-	153	-
Police Donations	114	300	258	156
Riverboat Fund	14,538	14,496	-	29,034
Rainy Day	-	10,099	-	10,099
Cumulative Capital Improvement	12,776	8,579	17,065	4,290
Cumulative Building and Firefighting Equipment	5,021	8,360	-	13,381
Lease Rental Payments	8,966	23,522	16,500	15,988
Component Unit:				-
Redevelopment Authority	181,350	124,353	116,088	189,615
Proprietary Funds:				-
Water Operating	203,562	327,694	329,453	201,803
Water Utility Depreciation	84,662	29,204	17,508	96,358
Water Utility - Customer Deposit	13,618	5,600	7,694	11,524
Water Utility - Bond and Interest	20,386	78,275	75,957	22,704
Water Utility - Construction	85,112	1,173	13,827	72,458
Wastewater Utility - Operating	189,270	541,886	604,500	126,656
Wastewater Utility - Construction	13,915	227,177	180,877	60,215
Wastewater Utility - Bond and Interest	201,872	239,037	349,063	91,846
Wastewater Utility - Escrow	-	9,857	-	9,857
Wastewater Utility - Debt Service Reserve	-	151,665	-	151,665
Electric Operating	1,199,914	2,899,717	2,754,453	1,345,178
Electric Utility - Depreciation	475,853	200,290	127,472	548,671
Electric Utility - Bond and Interest	136,171	133,749	200,658	69,262
Electric Utility - Reserve	199,941	1,419	-	201,360
Electric Utility - Customer Deposits	40,964	17,749	20,914	37,799
Fiduciary Fund:				
Payroll	200	571,425	571,375	250
Totals	<u>\$ 4,330,414</u>	<u>\$ 6,400,217</u>	<u>\$ 6,124,771</u>	<u>\$ 4,605,860</u>

The accompanying notes are an integral part of the schedules.

TOWN OF VEEDERSBURG
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2004 And 2005
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 114,654	\$ 186,900	\$ 221,386	\$ 80,168
Motor Vehicle Highway	117,100	147,207	149,967	114,340
Local Road and Street	3,872	10,263	12,420	1,715
Garbage Pick-Up	28,020	97,632	94,415	31,237
Energy Assistance	990	18,438	18,620	808
Law Enforcement Continuing Education	909	397	116	1,190
Redevelopment Commission	993,411	391,850	143,206	1,242,055
Swimming Pool	35,090	21,584	28,668	28,006
Swimming Pool Donations	193	-	-	193
Park Program	1,452	10,082	11,534	-
Police Donations	156	-	-	156
Riverboat Fund	29,034	14,497	-	43,531
Rainy Day	10,099	-	-	10,099
Cumulative Capital Improvement	4,290	7,106	7,190	4,206
Cumulative Building and Firefighting Equipment	13,381	8,304	-	21,685
Lease Rental Payments	15,988	32,338	48,300	26
Component Unit:				
Redevelopment Authority	189,615	118,590	109,779	198,426
Proprietary Funds:				
Water Operating	201,803	398,513	436,797	163,519
Water Utility Depreciation	96,358	77,738	50,818	123,278
Water Utility - Customer Deposit	11,524	6,400	5,085	12,839
Water Utility - Bond and Interest	22,704	171,706	102,762	91,648
Water Utility - Construction	72,458	725	54,253	18,930
Wastewater Utility - Operating	126,656	578,802	572,981	132,477
Wastewater Utility - Construction	60,215	166,091	226,306	-
Wastewater Utility - Bond and Interest	91,846	384,909	265,692	211,063
Wastewater Utility - Escrow	9,857	2,673	12,530	-
Wastewater Utility - Debt Service Reserve	151,665	-	151,665	-
Electric Operating	1,345,178	3,244,705	3,348,605	1,241,278
Electric Utility - Depreciation	548,671	100,412	6,640	642,443
Electric Utility - Bond and Interest	69,262	150,478	97,347	122,393
Electric Utility - Reserve	201,360	2,200	-	203,560
Electric Utility - Customer Deposits	37,799	15,900	15,934	37,765
Fiduciary Fund:				
Payroll	250	555,497	555,497	250
	-	-	-	-
Totals	<u>\$ 4,605,860</u>	<u>\$ 6,921,937</u>	<u>\$ 6,748,513</u>	<u>\$ 4,779,284</u>

The accompanying notes are an integral part of the schedules.

TOWN OF VEEDERSBURG
NOTES TO SCHEDULES

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, and urban redevelopment and housing.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively, however for 2004 taxes were due in two installments payable on May 28 and November 10. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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 VEEDERSBURG
NOTES TO SCHEDULES
(Continued)

Note 6. Long-Term Debt

The Town has entered into various debts such as revenue bonds for the Wastewater Utility, Water Utility, and Electric Utility; and a capital lease for a police car. The outstanding principal at December 31, 2005, was \$3,635,000 and \$5,414, respectively.

The Town, through the Redevelopment Authority, has also entered into various debts such as general obligation bonds for water, sewer and road projects; and capital leases for the town hall and water, sewer and road projects. The outstanding principal at December 31, 2005, was \$770,000 and \$1,092,240, respectively.

Note 7. Federal Awards

The Town of Veedersburg was awarded a \$525,000 Community Development Block Grant for Wastewater Improvements on November 14, 2005. The first drawdown is to be completed by July 31, 2006.

Note 8. Defeasance of Bonds

On December 28, 2004, the Town of Veedersburg Wastewater Utility issued \$1,710,000 in refunding revenue bonds with an average interest rate of 3.93% to advance refund \$1,535,000 of outstanding 1997 series bonds with an average interest rate of 5.89%. The net proceeds of \$1,684,350 (after payment of \$36,843 in issuance costs and \$25,650 in bond discount) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1997 series bonds. As a result, these bonds are considered to be defeased. The refunding resulted in the accounting loss of \$147,200. The Town of Veedersburg Wastewater Utility in effect reduced its aggregate debt service payment by \$153,436 over the next 21 years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$117,015.

Note 9. Subsequent Events

The Veedersburg Wastewater Utility is undertaking a major Wastewater Improvements Project and is anticipating issuing bonds in the amount of \$1,300,000 by July 2006.

TOWN OF VEEDERSBURG
EXAMINATION RESULT AND COMMENT

INVESTMENT MATURITY LIMITATIONS

The governmental unit purchased certain investments which have a stated maturity in excess of two years.

Indiana Code 5-13-9-5.6 states: "Investments made under IC 5-13-9 must have a stated final maturity of not more than two years after the date of purchase or entry into a repurchase agreement."

TOWN OF VEEDERSBURG
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2006, with Laura Bennett, Clerk-Treasurer.
The official concurred with our finding.